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Weekend FT

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Grappling with new-found liberty

The eastern European media are finding that freedom of the press and capitalism bring worrying dilemmas Page I

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Justin Wintle visits Binh Hoa, a forgotten battleground, where villagers remember terrible events concealed for 25 years Page IX

A peace dividend for savers?

Finance & the Family writers assess gains and losses for investors in the wake of the Gulf War Page III

EUROPE'S BUSINESS NEWSPAPER

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WORLD NEWS

Moscow to hold talks with strikers

Moscow agreed yesterday to discussions with the six-month-old independent miners' union on pay and political change. The offer of talks came only hours after the union launched its first national strike.

The stoppage drew a mixed response from miners, who are calling for wage increases of between 100 and 150 per cent. In the key Donbass mining area of the Ukraine, only a minority of pits took full strike action. Page 4

Wandsworth poll tax

The Conservatives' flagship local authority is cutting its poll tax from £148 to £136 for the year from April. Labour argued that the London borough of Wandsworth achieved its low tax by "savage" cuts in services. Page 24; Voters get what they paid for, Page 6

Junta widens powers

Thailand's military junta, which overthrew an elected government a week ago, gave itself wide powers pending a return to civilian rule. It retains the right to decide policy, appoint a caretaker premier and national assembly and enforce law and order. Page 4

Dhaka coalition moves

Begum Khaleda Zia, whose Bangladesh Nationalist Party failed to win an outright parliamentary majority in Bangladesh's first democratic elections for 20 years, is hoping to form a coalition. The BNP won only 140 of the 300 seats in parliament. Page 4

Kenyan dissident held

Gitobu Imanyara, a leading Kenyan democracy campaigner, was arrested in Nairobi. The move came two days after the seizure of copies of a magazine he publishes. It contained the manifesto of a party launched last month in defiance of Kenya's single-party system. Page 4

Anglo-French frigate

France and Britain agreed to study joint development of an anti-aircraft frigate for their navies. The high-speed, 5,500-tonne vessels would enter service in about 2002. Page 6

Liberian peace move

Leaders of Liberia's three main factions agreed to co-operate with plans for national talks to end the country's 14-month civil war. The peace conference is due to be held on March 15.

More Baltic polls

Latvia and Estonia are staging independence polls tomorrow as part of campaigns to break away from the Soviet Union. In the neighbouring Baltic state of Lithuania last month, voters overwhelmingly backed independence. Page 4

San Salvador truce

Left-wing rebels in El Salvador announced a ceasefire during impending local and national elections. They also damaged three transformers at the country's biggest power station.

Bomb hoax arrests

Police have arrested 15 alleged bomb hoaxers since the explosions at London railway stations 12 days ago. They could face maximum five-year sentences if convicted.

Vodka rationing

Muscovites are being rationed to one half-litre bottle of vodka a month. Restrictions on basic goods are being introduced in many parts of the Soviet Union to mitigate the effects of the country's chaotic distribution system.

BUSINESS SUMMARY

US downturn continues but rate slows

The US economic downturn is likely to continue for some months but there are indications that the rate of decline is slowing.

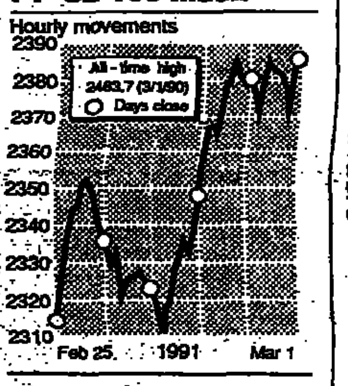
A batch of economic indicators confirmed the recession. These show a 2.6 per cent fall in construction spending and a 0.4 per cent fall in the Commerce Department's index of leading indicators for January. However, the monthly business index prepared by the National Association of Purchasing Management rose slightly last month, for the first time since May. Page 24

US banks may face less of a squeeze on their lending operations as a result of moves by Federal regulators to allow smaller write-offs and provisions on some dubious loans.

ABBEY National, UK's newest clearing bank, increased its profits by 16 per cent to £582m last year but the downturn in the housing market brought the former building society a mounting volume of bad debts and losses in some parts of its business. Page 10; Lex, Page 24

LONDON EQUITIES: Shares ended a successful week, which saw the equity sector rise by just over 3 per cent, on a confident note, although prices moved more erratically. The FT-SE 100 index rose 6.0 to 2,386.9, for a gain of more than 72 on the week. London stocks, Page 15; Lex, Page 24

FT-SE 100 Index



UNION BANK of Switzerland reported a 13.5 per cent fall in net earnings to SFr780m (£308m) in 1990, but proposed an unchanged dividend. Page 12

PORSCHE, German sports car manufacturer, announced a 13 per cent drop in pre-tax profits to DM65m (£22m) in the six months ended January 1991 after a fall in export business. Page 12

HEINEKEN, Dutch brewer, said 1990 net profit rose by 12.4 per cent to Fl 365.7m (£111.4m). Turnover was up 5 per cent at Fl 8.2bn, reflecting a rise in volume sales in Europe and on export markets, higher selling prices, and favourable currency movements. Page 12

JAPAN: A surge in exports cut Japan's current account deficit in January to $33m (£17.4m), compared with $559m for the same month last year. Page 4

UK ECONOMISTS are increasingly pessimistic about the country's economic performance this year, says the Treasury's final monthly survey of economic forecasts before the Budget. Page 7; Grim small businesses, Page 6

HARRODS, the store in Knightsbridge, central London, is to shed 200 jobs, 5 per cent of its workforce, rather than the 600 which had been reported, after identifying staff willing to take early retirement, part-time work or sabbaticals.

Basra crowds shout anti-Saddam slogans in first signs of popular revolt

Anarchy in Iraqi city

By Victor Mallet in Safwan, southern Iraq

THE Iraqi city of Basra was in a state of anarchy yesterday, eyewitnesses said, in what appeared to be the first signs of a popular revolt against the dictatorship of President Saddam Hussein.

One man leaving the city said crowds cheered and shouted anti-Saddam slogans when a tank fired shells through a large portrait of the dictator.

Officials of the Ba'ath party, the instrument of President Saddam's regime, had all fled and many soldiers, including a large number of wounded, were also pulling out.

But some reports from a stream of hundreds of Egyptian refugees trickling across the border into Kuwait said that troops loyal to the regime were intimidating and even killing Egyptian workers in the city.

Mr Abdullah Jaber al Badran, 24, a student from Kuwait who had gone to the city to get food for his family, said that at 9 am yesterday an Iraqi army tank fired three or four shells through a portrait of Mr Saddam wearing military uniform in the centre of town, next to the Ba'ath party and Popular Army headquarters.

"The people cheered," he said. "They shouted 'Saddam is finished. All the army are dead'. People ululated and shouted 'wonderful', young, old and women."

Mr al Badran said that other tanks in the square did nothing to intervene and soldiers had joined in the demonstration. "They were all shooting in the air and saying they don't like Saddam," he said.

GULF WAR

Such scenes in what is the country's second largest city would be unthinkable in pre-war Iraq and amount to a dramatic challenge to the regime's authority.

Mr al Badran, who, like many Kuwaitis, knows the city well, said that no-one seemed to be in charge. "There is no government in Basra," he said. "The Ba'athis have disappeared."

He said that soldiers were stripping off their uniforms, with many abandoning their weapons and leaving, even though US forces did not appear to be near the city. He encountered none on his journey to the border.

Egyptian witnesses, fleeing the city because they feared a pogrom, confirmed the picture of chaos. One said that soldiers had entered a shopping centre in the city, fired in the air and ordered Egyptians to leave because of their government's support for the war. Another said between 10 and 20 Egyptians had been killed in the past five days, while a third witness, Mr Omar Mohammed Hussein, said two had been killed in the Zubeir area, south west of Basra.

One Egyptian confirmed that soldiers were stripping off their uniforms and saying that they hated Saddam Hussein.

The terrible punishment the army has taken is visible all along the 620 mile route from Kuwait City to the border town of Safwan. The road is choked with burned out vehicles and littered with dead bodies.

Where the road passes Mutla Ridge, a large Iraqi fortification near Jahra commanding the Kuwait City-Basra highway, there is a mile-long, impassable mass of devastated tanks, trucks, tankers and looted vans and cars – anything the Iraqis could use to escape from the city.

As they fled on Tuesday night they were attacked by the allied airforce and later by a US armoured brigade.

The result is what amounts to a massacre. Thousands of vehicles are jammed together, destroyed by rockets and cluster bombs or wrecked as they smashed into each other in panic.

As the first vehicles were hit, the ones behind piled up behind them. Many drove off into the desert on the side of the road in a futile attempt to escape the slaughter.

There are too many corpses to count. Many of the dead are charred at the controls. Others have been incinerated beyond recognition. The rest are lying
Continued on Page 24

Welcome back: Edward Gnehm, US ambassador to Kuwait, is greeted from his helicopter in the embassy compound

US hopes for early deal on ceasefire

By Peter Riddell in Washington, **Tony Walker** in Riyadh and **Robert Graham**

PRESIDENT George Bush held out the hope yesterday of an early ceasefire agreement with Iraq to end the Gulf conflict. This could come in talks due to be held today between allied and Iraqi military commanders.

At the same time he warned Iraq that any progress towards a permanent ceasefire would depend on the speed with which allied of prisoners of war and Kuwaiti detainees were released.

The return of prisoners ill be one of the main topics today when General Norman Schwarzkopf, the US commander in the region, and other allied military leaders meet Iraqi generals at an undisclosed point on the Iraqi-Kuwaiti border.

Mr Bush said he was convinced the Iraqis would comply on this and other matters relating to the ceasefire, such as the handing over of minefield maps, but he added: "They had better comply."

While the practicalities of a ceasefire will be discussed by the military on the battlefield, the diplomatic aspect of the ceasefire is being handled by the United Nations.

The US yesterday was reported to be drawing up proposals to cover such matters as the return of prisoners as well the maintenance of the existing economic embargoes against Iraq.

Earlier, Mr Dick Cheney, the US defence secretary, had said the return of the prisoners had to be "very fast." He also warned that if the Iraqis launched a Scud missile at Saudi Arabia or Israel, or undertook some other hostile act, the allies would resume hostilities.

In the face of growing calls in the US for an early return
Continued on Page 24

Saddam reported to be seeking asylum in Algeria

By Our Foreign Staff

THE future of Iraqi President Saddam Hussein was the subject of intense speculation last night following reports from Algiers that he was negotiating asylum in Algeria.

The report, in the French daily newspaper, Le Monde, claimed the Algerian government had granted the Iraqi leader's request on condition that his successors in Baghdad approved the arrangement and that the allied coalition would not pursue him for war crimes.

Neither the Algerian government nor any of the governments in the allied coalition ranged against Iraq was willing to confirm this deal.

Mr James Baker, the US secretary of state, said in Washington that he knew of no such move by President Saddam. He commented: "I don't think any tears would be shed if Saddam Hussein were to leave power."

President George Bush said he was unaware of any such deal to allow the Iraqi leader to leave; but he insisted the US would not acquiesce in any arrangement allowing Saddam to evade his responsibilities in international law for what had happened in Kuwait.

The President conceded he was aware of rumours about possible moves to change the leadership in Baghdad. This underlined speculation over how much longer the Iraqi president could continue in office after the humiliating defeat at the hands of the allied coalition.

Barclays executive quits

By David Barchard

THE DIRECTOR in charge of personal customer business at Barclays has quit the bank in protest at a forthcoming restructuring of its operations.

Mr Seymour Fortescue's resignation, announced in a terse statement by the UK's largest clearing bank yesterday, took most of Barclays' executives by surprise.

The news came less than 24 hours after Barclays' 1990 results which included a £4m loss by its Central Retail Services Division, the credit card arm of the bank, which is included among Mr Fortescue's responsibilities.

Although Barclays said yesterday that Mr Fortescue, who is 47, had resigned in order to pursue other business interests, his decision to end a career with the bank stretching back to *1964* appears to have been mainly prompted by his opposition to top-level changes within the bank.

Last autumn, Barclays announced plans to separate its international and UK banking businesses. Within the UK, corporate and personal customer business are soon to be grouped together for the first time under Mr Geoffrey Miller, director UK banking.

"I would have been moved a layer lower down [in the bank's hierarchy]", Mr Fortescue said yesterday. He made clear that his basic objection was his belief that Barclays will be at a disadvantage at a time when a single European market in retail banking is emerging, as competitors such as Abbey National and TSB Group develop tightly focused operations specialising in retail banking.

"Our most successful competitors are developing separate global wholesale and retail banks, but we will be preserving geographic separation. They tend to run their personal sector business on a separate basis for accountability and [computer] systems control overbranches and do not use the same branch network for mixed corporate and personal business", he said.

His successor is to be Mr Mike Pitcher, at present vice-chairman and managing director of Barclays Financial Services. Mr Pitcher will be replaced by Mr Ken Bignall, chief executive of Central Retail Services Division. No replacement for Mr Bignall has yet been announced.

MARKETS

STERLING
New York lunchtime:
$1.8975
London:
$1.898 (1.9105)
DM2.9175 (same)
FFr9.935 (9.925)
SFr2.5275 (2.5325)
Y255.25 (254.0)
£ index 93.7 (93.8)

GOLD
New York: Comex Apr
$368.6 (369.0)
London:
$366.55 (364.75)

N SEA OIL (Argus)
Brent 15-day Apr
$18.55 (−0.275)

Chief price changes yesterday: Page 24

DOLLAR
New York lunchtime:
DM1.5375
FFr5.2370
SFr1.333
Y134.555
London:
DM1.537 (1.5265)
FFr5.235 (5.195)
SFr1.3315 (1.326)
Y134.5 (133.0)
$ Index 61.9 (61.5)
Tokyo close: Y134.25

US LUNCHTIME RATES
Fed Funds $6\frac{3}{16}$%
3-mo Treasury Bills:
yield: 6.249%
Long Bond:
$95\frac{5}{8}$
yield: 8.265%

STOCK INDICES
FT-SE 100:
2,386.9 (+6.0)
FT Ordinary:
1,918.2 (+7.5)
FT-A All-Share:
1,154.48 (+0.4%)
New York lunchtime:
DJ Ind. Av.
2,908.42 (+26.24)
S&P Comp
369.68 (+2.61)
Tokyo: Nikkei
25,881.57 (−527.65)

LONDON MONEY
3-month Interbank:
close Mar $12\frac{11}{16}$ (same)
Liffe long gilt future:
Jun $92\frac{3}{32}$ ($91\frac{31}{32}$)

SELLING PRICE IN IRELAND 80p, IN MALTA 45c

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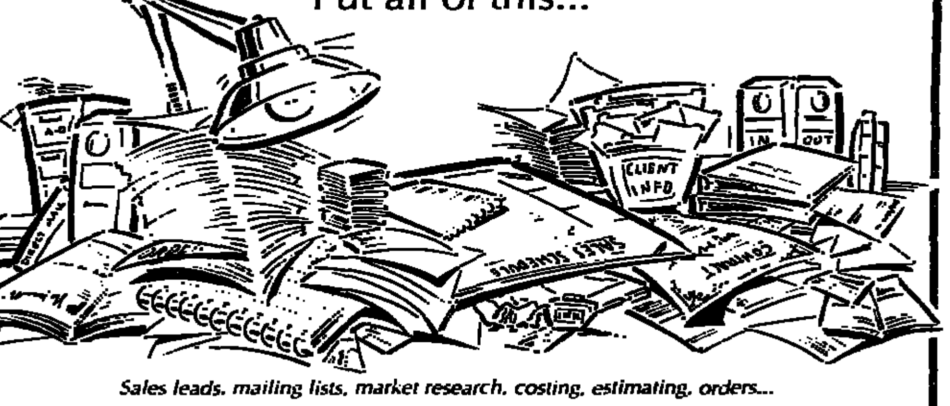

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RELEASE II

FT2

THE GULF CEASEFIRE

Genscher takes peace plan to Washington

By Lionel Barber in Washington

MR Hans-Dietrich Genscher, Germany's foreign minister, yesterday put forward to US President George Bush ideas for tackling outstanding conflicts in the Middle East along the lines of the Conference on Security and Co-operation in Europe (CSCE) which reduced east-west tensions in the 1970s.

Mr Bush, who held talks with Mr Genscher yesterday, reacted with enthusiasm but warned that US post-war planning was still at an early stage.

However, Mr Bush made clear that the US favours a comprehensive approach to the Middle East covering Lebanon, the Palestinian issue and a new security system for the Gulf including Iraq.

"I want to repeat my determination to have the US play a very useful role... and whether it proves to be a peace conference or some bolder new idea time will tell."

The advantage of working towards a CSCE-style conference is that it would allow other countries such as Germany, France and Britain to assist the US in building confidence between antagonists.

At the same time the cautious approach would defuse pressure for an early Middle East peace conference aimed at tackling the Palestinian issue – which Israel objects to.

Mr James Baker, US secretary of state, is due to visit the Middle East and the Soviet Union next week to canvass the allies on ideas for economic reconstruction and post-war security in the region.

Mr Genscher echoed British reservations about the idea of a *Middle East Development* Bank which was floated earlier by Mr Baker – particularly if Germany were asked to contribute.

The German foreign minister said the wealthy Arab states should be big donors and should take the lead in reducing the imbalance between rich and poor states in the region.

Despite Bonn's own financial constraints, which have grown as a result of the economic crisis in former East Germany, Mr Genscher said his government would stick to its pledge of \$5.5bn (£2.86bn) for Operation Desert Storm for the first three months of this year. *Already \$2.1bn has been disbursed.*

UK industry uncertain over export credits for Kuwait

By Peter Montagnon, World Trade Editor

UNCERTAINTY is growing in British industry over the level of support the government its prepared to provide to exporters seeking export credit guarantees for Kuwaiti reconstruction business.

Mr Peter Lilley, secretary of state for trade and industry, declined to confirm yesterday that credit cover would be available from the Export Credits Guarantee Department, saying only that ECGD would "rapidly clarify the position".

There was "a presumption" that ECGD would make export credit cover available, but much would depend on the circumstances under which the Kuwaitis were operating, he told a press conference.

Worries that Kuwaiti business could be caught up in current efforts by the Treasury to restrict ECGD's operations may upset hopes that British companies will reap substantial orders for Kuwait reconstruction business.

Private sector industry and the Department of Trade and Industry have combined in an unusually united effort to seek such orders. The hope is to profit from the British role in liberating Kuwait to win back market share lost to Japanese companies in recent years.

ECGD *said* yesterday *only* that it was "reviewing the situation" regarding Kuwaiti cover.

Bankers specialising in trade finance said a degree of caution at this stage would be normal. Much depends in the *short term on whether orders* for immediate needs such as pharmaceuticals and hospital supply equipment are channelled through private companies. Granting credit insurance on loans to such companies might be difficult because Kuwait's private sector infrastructure has been largely destroyed and the buyers might not have an established track record.

There would be less problem in principle in insuring credit on Kuwaiti government orders for long-term reconstruction orders, though premium levels and cover availability would clearly be affected by the strict rules now being introduced by ECGD in an effort to minimise claim payments. One problem is that Kuwait has not sought such cover in the past and there is therefore no claims experience to draw on.

Businessmen attending yesterday's press conference were none the less optimistic about the volume of orders they might receive from Kuwait following the liberation, especially given the united front that British industry was now presenting to Kuwaiti officials responsible for reconstruction.

The shortlist of 34 companies eligible for the initial \$46m (£24m) worth of emergency *reconstruction business* included 10 British companies, and the first orders were likely to be awarded by the middle of next week, according to Mr Adrian White, chairman of the Biwater water treatment concern.

British companies had been deterred from business in Kuwait by the penal contract conditions which had made it difficult to trade profitably *there. Mr White said Kuwait* would be rewriting its standard conditions.

Mr Alan Cockshaw of Amec, the construction company, said companies might have to wait until next year before big infrastructure reconstruction orders were placed. "We believe it's fundamental that we stick together as UK Limited," he said.

Mr Lilley said he would visit Kuwait when it was appropriate to back up UK exporters' efforts. "The UK has a large part to play in the reconstruction work, just as we have done in the liberation of Kuwait," he said.

BBC to help rebuild broadcasting

By Andrew Jack

THE BBC is poised to help the Kuwaiti government re-establish a broadcasting system as it begins the work of reconstructing the country over the coming weeks.

Following a request from Kuwait's Ministry of Information, the international relations unit at the BBC is standing by to send in advisers who might help to provide training, equipment or suggestions on how to structure the new broadcasting service.

"It is still too early to say exactly what we will be doing yet," the BBC said. "We have to hear what they want. We are awaiting instructions from the Kuwaiti government."

Much of the broadcasting equipment in Kuwait may have been destroyed or removed during the Iraqi occupation.

The Kuwaiti broadcasting service was one of the most respected in the Middle East, with English and Arabic language radio and television channels and a news agency, all controlled by the state.

The BBC has offered advice to many foreign governments in the past, recently including many in eastern Europe. Some of these countries now rebroadcast programmes from the World Service. The British Council and the Foreign Office have sometimes offered financial support to fund these activities.

In Paris, Thomson, the state-owned electronics group, yesterday announced a big contract to supply an emergency mobile television system, to enable Kuwaiti broadcasting to *get under way as soon as possible*. The group is not disclosing the value of the contract, for an outside broadcast van, a mobile television studio, power transmitter and microwave links.

Victors will meet vanquished amid claims of truce violations

Formal ceasefire talks to begin today

US soldier Al Kozakiewicz weeps after being given the identification tags of a friend killed in action

By Tony Walker in Riyadh

VICTORIOUS allied commanders will meet vanquished Iraqi generals at a military base in occupied southern Iraq today to discuss a formal disengagement, amid counterclaims from both sides of ceasefire violations.

Since the guns fell silent at dawn yesterday after the Iraqi army was routed *in a four-day* allied onslaught, there have been sporadic incidents involving Iraqi and US soldiers, but allied spokesmen attributed these to poor communications from Baghdad, which may not have been able to inform all its men in the field that the war had stopped.

General Norman Schwarzkopf, the US military commander, was expected to lead *the allied side in the ceasefire* talks, accompanied by his Saudi, British and French counterparts. The exact time and location of the talks are being kept secret for security reasons.

But Brigadier General Richard Neal of the US Central Command in Riyadh said last night it was expected that military commanders would adhere to the timetable set by *US President George Bush*, who called for truce talks to take place within 48 hours of the ceasefire coming into effect.

Among issues to be resolved in discussions between allied and Iraqi commanders are those of prisoners of war, Kuwaiti detainees, the return of the remains of allied soldiers killed in the war and orderly disengagement along the front.

In Washington, Mr Dick Cheney, the US defence secretary, warned there would be no formal ceasefire unless Iraq returned American prisoners of war quickly. "We will not agree to a ceasefire or have arrangements made for a ceasefire until we are satisfied that we will receive our prisoners in short order," he said.

In Baghdad, Mr Tariq Aziz, the Iraqi foreign minister, accused the US of violating the ceasefire by reinforcing its troops inside Iraqi territory. Mr Aziz also charged that US pilots were continuing to fly over Iraqi airspace.

"This behaviour on the part of America demonstrates ill intention and non-adherence to pledges," he said, as Baghdad *Radio* continued to claim victory in the midst of one of the greatest military defeats in history. Iraq, *it* said, had ended the war united behind President Saddam Hussein after offering the world a "lesson in steadfastness".

Brig Gen Neal said that in the most serious ceasefire violation yesterday, Iraqi soldiers travelling in a bus had opened fire on US servicemen manning a checkpoint. In the ensuing exchange six Iraqis were killed and six wounded. There were no American deaths.

In another incident two US soldiers were killed *stepping* on mines. This takes the American death toll to 81. *Twenty*-eight US servicemen were killed in a Scud missile attack on their barracks near Dhahran in eastern Saudi Arabia early this week.

US spokesmen have not provided casualty figures for Iraqi dead, but Brig Gen Neal said they were "enormous". Special units were engaged in burying war dead and collecting details to be passed on to the Iraqi authorities.

The first television film from the road north of Kuwait City showed hundreds of burned and twisted vehicles destroyed in allied air attacks. There *appeared to have been appall*ing carnage among fleeing Iraqis.

Brig Gen Neal *said* details from the battlefield and interviews with captured Iraqi commanders indicated that one of the reasons chemical weapons were not used was the fear of contamination of their own men. "They might not have been comfortable operating in a dirty environment," he said.

Pentagono looking warily towards Turkey

Greece fears a loss of postwar influence to its Nato neighbour, reports **Kerin Hope**

IN THE corridors of the Greek Defence Ministry, known locally as the "Pentagono", people talk less about the Gulf war than about Turkey's chances of becoming the dominant power of the eastern Mediterranean in its aftermath.

The immediate fear in *Greece is that the balance of* power in the Aegean, where the two allies in the North Atlantic Treaty Organisation have conflicting claims on airspace and undersea oil deposits, will tilt irrevocably in Turkey's favour.

A more powerful Turkey, the argument goes, would prove increasingly stubborn over the Cyprus problem and would also press harder for concessions on the Aegean disputes, which brought the two neighbours to the brink of war as recently as 1987.

A firm Greek conviction that Turkey's long-term policy towards Greece is invariably hostile and expansionist underlies official attitudes to relations, though a few independent Greek analysts now speak of setting aside "paranoia about Turkey" in favour of a more flexible approach.

Turkey's willingness to permit US bombing missions against Iraq to be flown from *south-eastern Anatolia brought* a panic-stricken reaction from the Greek government. The foreign minister, Mr Antonis Samaras, rushed to Washington seeking assurances that Greek interests would not be forgotten.

It is not that Greece has been neglecting its responsibilities as an ally. A Greek navy frigate has patrolled off the Jordanian port of Aqaba since September. *The* two US bases on Crete make heavy use of nearby Greek airfields, while British pilots were allowed to fly training missions from Rhodes. President George Bush *spoke* warmly of Greece and the US "standing shoulder to shoulder" in a time of crisis. The US Defence Department promised the Greek army 800 tanks and other armoured vehicles from the European arms reduction cascade.

A Greek request to the US for Patriot missiles, already installed in Turkey, will be *given serious consideration*, Mr Samaras was told. They would protect both Greek and US bases on Crete from a possible Libyan attack, according to Greek military analysts.

But Mr Samaras admitted that the powerful pro-Greek lobby in the US, whose efforts are crucial to maintaining the Aegean balance of power, faces an uphill struggle this year to block the administration's *plans for substantially* increasing military aid to Turkey.

It was upset last month when the US announced that Turkey would receive an additional \$85m (£43m) in military aid this year.

Proposals for 1992 aid to Greece and Turkey call for a 20 per cent rise in military funds for Turkey to \$625m, with an additional \$75m in economic aid. Military credits for Greece would total \$350m, the same as this year.

This distribution would dramatically overturn the 7:10 *ratio in aid to Turkey* and Greece imposed by Congress, which, with prodding from influential Greek-Americans, regularly withstands efforts by the administration to give Turkey a bigger share.

This year, however, Turkey's importance as a bulwark against post-war instability along its southern borders stands to outweigh the usual arguments about its poor human rights record and continuing intransigence over efforts to re-unite Cyprus. The island is still partitioned, 16 years after Turkish troops invaded in response to a Greek-inspired coup.

"It will be extremely difficult to talk of a Cyprus settlement with a Turkey that has an inflated sense of self-worth," says Dr Thanos Veremis of the Hellenic Institute of Defence and Foreign Policy.

In the European Community, Greece will also face more pressure to lift a veto on *Ecu600m (£461m) in aid for* Turkey, linked to progress on the Cyprus issue, now that an Ecu2.2bn special loan to help restructure the Greek economy has been approved.

More vocal criticism can also be expected from international human rights groups over the Greek authorities' treatment of the 130,000-strong ethnic Turkish minority in Thrace.

Greece, which holds the legal high ground in the Cyprus and Aegean disputes, continues to reject Turkey's request for bilateral talks on delineation of the Aegean continental shelf and definition of regional airspace zones.

Cocom to rethink vetting procedures

By William Dawkins in Paris

THE usefulness of sophisticated Kuwaiti telecommunications equipment to invading Iraqi forces has prompted western trade officials to consider more thorough vetting of strategic technology exports.

A two-day meeting of trade experts of *the 17-nation Cocom (Co-ordinating Com*mittee for Multilateral Export Controls), has ended with no agreement on easing sales of computers and telecommunications equipment to the Soviet Union and eastern Europe. However, officials say the problems are mainly technical and that there should be an accord by April.

While Cocom exists only to ban exports of militarily useful goods to the Soviet Union and former Warsaw Pact countries, the Gulf war has reinforced general US and British caution, officials say. Anxiety among members over how Kuwait's *mod*ern telecommunications benefited the Iraqi forces raises for the first time the question of the vulnerability of countries not covered by Cocom controls.

West Germany and some other European members are still, however, keen to improve technology trade with eastern Europe. *Cocom's* members include the Nato countries, minus Iceland but plus Japan and Australia.

Senior trade officials were due this week to agree a simplified list of eight products to replace the current complex web of goods vetted for export by Cocom, so putting into effect a wide-ranging liberalisation accord reached last June. The officials' meeting was put off because agreement seemed too far off, and replaced by a more junior gathering of the so-called executive committee.

While the lower level meeting made "useful progress", it was tougher than expected because of the need to reconcile security concerns with the need to liberalise trade with eastern Europe, say officials. "We were going along at a breakneck pace. While we have not lost a wheel, we have had to make a pit-stop which we didn't envisage," said one.

The core list itself will be agreed, but there is pressure for fuller assessment of export licences for the products on it. "There may be a bit of a roll-back in that sense," said the official.

The list, which also includes sensoring systems, advanced materials and machine tools, navigation and avionics and propulsion systems, would apply to exports to all countries now vetted by Cocom. However, there is to be a fast-track procedure for export licences to Poland, Czechoslovakia and Hungary in recognition of their progress with democracy.

GEC Alsthom arm wins power deal

By Andrew Baxter

EUROPEAN Gas Turbine Company (EGT), part of the Anglo-French GEC Alsthom engineering group, is to supply four mobile power stations to Kuwait, in one of the first contracts awarded by the Kuwaiti government to support the reconstruction effort.

Although the deal is worth just £6m, the award of contracts for mobile power stations to provide emergency supplies could be significant when Kuwait begins to assess its long-term power needs.

Consequently, several power equipment companies are vying for the emergency contracts, to help re-establish their credentials in Kuwait. EGT said yesterday it planned to talk with Kuwait about its long-term reconstruction programme "at the earliest opportunity".

Most of the emergency equipment that Kuwait will need is likely to be fairly basic gas turbines mounted on low-loaders. But EGT's Nomad machines, built by its Ruston unit in Lincoln, are self-contained packages comprising a gas turbine, generator and control house, mounted on a single or double trailer.

Each of the mobile stations will have an output of 2.5Mw in Kuwait's very high temperatures, enough to power a government complex, hospital or communications centre, EGT said yesterday.

The first units will be sent from Ruston's Lincoln plant to Dhahran within two weeks, and will be driven to Kuwait City after military clearance. All four units should be in the Gulf by the end of March.

Ruston will supply a team of engineers to install the units and operate them for the first few months. Mr Paul Barron, managing director of Ruston's industrial division, said Nomads were ideally suited to Kuwait's initial power needs.

Kuwait's short-term need for such stations will depend on the extent to which its permanent power stations have been damaged by bombing or sabotage.

If Kuwait does have to build new power stations, most observers think it will start with aero-derivative gas turbines, which could be on stream within a year, and add steam turbines later to produce the now fashionable "combined cycle" format. Gulf countries have previously favoured the less efficient *"open cycle"* gas *turbine* plants. With the prospect of big orders in the next few years, power equipment companies are trying hard to emphasise their long pedigree in Kuwait.

Ruston said yesterday it had supplied Kuwait with 69 gas turbines for electricity generation and oil and gas production in the past 40 years.

Ireland's neutrality put under fresh pressure

Haughey: "Extraordinary strain on ordinary language"

By Kieran Cooke in Dublin

EARLIER this week Mr Michael Higgins, foreign affairs spokesman for the small Irish opposition Labour Party, was ordered out of the Dail, the lower house of the Dublin parliament. Mr Higgins, along with several other opposition members, wanted a debate on the Gulf war. The government of Mr Charles Haughey, the *Irish prime minister, stead*fastly refused any such discussion.

As a neutral country, Ireland has played no obvious role in events in the Gulf. Yet there has been discontent in many *circles about the government's* endorsement of what has generally perceived to have been a US, rather than UN, war.

Initially, critics were concerned at the government's decision to allow Shannon airport to be used as a refuelling stop by US military aircraft. This, it was alleged, went against the principles of neutrality.

Mr Haughey disagreed. "It would place an extraordinary strain on ordinary language if the mere granting of peripheral facilities could be interpreted *as making Ireland a partici*pant in the war," he said.

Government opponents say such a view contradicts certain historical facts. During the Second World War, the then Irish prime minister, Mr Eamon de Valera, *clung jealously to Irish* neutrality, forbidding either the British or US to use Irish bases. Pilots from either side who were forced to land in Ireland were interned.

In the Gulf conflict, the Irish government has said that it was going along with UN resolutions. It has also been conscious of following with EC policy on the conflict. The critics, both in and outside parliament, say the government has been far too passive, its voice a mere echo of Washington and London.

Many members of the Irish Roman Catholic hierarchy have spoken out against government policy. Dr Dermot O'Mahony, Auxiliary Bishop of Dublin, says Ireland's voice should be heard questioning *the efficacy of* a "New World Order" whose inaugural act seems to have been the launching of a war.

"Irish neutrality has little value if it is of a purely passive kind – simply avoiding Irish involvement in any military confrontation. If it is to have credibility it must be devel*oped as a powerful weapon for* peace," says Dr O'Mahony.

Critics say the government has been too passive

In recent times Ireland has raised its voice against military actions. In the 1982 Falk*lands conflict, it* played an active role at the UN, criticising the British use of force. Mr Haughey further angered London by breaking with the European Community line on sanctions against Argentina.

Immediately before the outbreak of hostilities in the Gulf, Mr Haughey said sanctions against Iraq *should be given* more time to work. Since then, the government has said little.

Even before the Gulf war, there was confusion about Ireland's neutrality, particularly about how the country *would come to terms with* new security arrangements being discussed within the EC. Mr Garrett Fitzgerald, the former prime minister, has said that Irish neutrality is "increasingly irrelevant" in a new era of *east-west* relations.

But Irish people are proud of their country's neutrality. The Irish military have served with distinction as peacekeeping forces in many UN hot spots, most notably in Lebanon. A recent poll found that two out of three voters are opposed to abandoning neutrality.

No polls have been taken on whether or not the Irish people support what has been happening in the Gulf. But large segments of the population are clearly unhappy with government policy. Several poets gathered in Dublin this week to denounce what they termed the misuse of language in the Gulf war.

"The poet's business is language," says Mr Theo Dorgan, a Cork poet. "In this war they talk not of deaths but of human resource damage. It is the language not of life but of the video arcade game – and Ireland has been acquiescing in the whole charade."

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Inside Iraqi torture camp — by Kuwaiti lawyer

A prominent resistance figure tells **Neil Buckley** of cruelty and financial intrigue

MR Hameed Al-Sarraf rolled up the sleeve of his suit and ran his fingers along an old scar on his elbow.

"This is where they touched me first with the cattle-prod. They could see I had had an operation here, when I broke my arm. They could see it was a weak point, so they went for it."

He touched other parts of his body. "I was naked, of course, so they used it here too – on all the joints.

"It caused terrible pain. Once when they touched me with it I couldn't see for about half an hour. I was very frightened. I knew my eyes were open, but I couldn't see."

Mr Al-Sarraf's voice became quiet and measured as he remembered the electric gun, as he called it.

The events he described took place little more than two months ago when, for nearly a month, he was a prisoner of the Iraqis in Kuwait City.

Mr Al-Sarraf, a graduate in law from Kuwait University who trained in London and at Harvard, was by last August a wealthy man.

He was a partner in Kuwait's biggest law firm, with offices in Al-Salhiya, near the now burned-out Meridien Hotel. He lived with his wife and eight children in the plush suburb of Bayan.

Mr Al-Sarraf will never forget his experiences after clerks phoned him at 6.45am on August 2 to tell him not to come to work because they could hear shooting on the streets.

He will not forget seeing friends and neighbours imprisoned and executed, often for no reason. He will not forget witnessing a teenage boy three doors down from him in Bayan being shot in the head by an Iraqi soldier outside his house, in front of his family.

Neither will he forget burying 500 of his countrymen in one day, all of them executed by the Iraqis for crimes such as displaying a Kuwaiti flag or a photograph of the Emir, or for refusing to change the Kuwaiti number plates on their cars for Iraqi ones.

Mr Al-Sarraf sent his family away from Iraq within days of the invasion, but remained behind to become a prominent member of the resistance. He organised and distributed food and money to Kuwaitis, managed to keep one or two cars running as petrol became scarce, and bribed Iraqi soldiers to buy arms and equipment.

Many Iraqis, he says, were happy to swap their guns for an expensive Kuwaiti suit.

Most importantly, Mr Al-Sarraf was involved in manipulating the exchange rate between the Iraqi and the Kuwaiti dinar.

After the invasion, the Iraqis confiscated and looted a whole range of food and other items and took them back to Iraq, causing serious shortages in Kuwait by October.

In an effort to attract some of these goods back into Kuwait, the resistance managed to push the black market exchange rate up to 16 Iraqi dinars to one Kuwaiti dinar, compared with the official rate of one to one. This was achieved by flooding the market with stocks of Iraqi dinars, which the resistance distributed among the Kuwaitis, and discouraging them for a time from using or exchanging Kuwaiti dinars.

This, coupled with high inflation caused by the demand, made it very lucrative for Iraqi traders to sell their goods in Kuwait, and soon all kinds of items were flooding back into the "19th province".

"By mid-November, Kuwait was full of food. Each and every item that had been taken to Iraq had been brought back," Mr Al-Sarraf says with pride. "Really we did a good job."

The operation was so successful, he says, that non-military Iraqis were soon banned from travelling to Kuwait.

Soon afterwards Mr Al-Sarraf received a tip-off from friends that the Iraqi authorities were hunting for him. He fled towards Saudi Arabia, but was stopped on the border at Nuwaisib.

'They said they had been trained since they were very young to do this to the Iraqis, to their own people. What were the Kuwaitis to them? They were brainwashed, they had no emotion'

He was told he would be taken to the "guest house" – Iraqis euphemistically referred to their prisoners as guests. This, it turned out, was an experimental farm in southern Kuwait City, converted into a prison housing 200 people.

For one month Mr Al-Sarraf was kept with 40 others in a small prefabricated office with corrugated iron walls. There was no furniture, no beds, and only one blanket between four or five people. They were given lettuce and water, and occasionally rock-hard bread, to eat. At night the temperature would plunge below zero.

A mentally deranged man imprisoned with them would shout and scream constantly. Sometimes he would pick up the slops bucket that festered in a corner and throw its contents around the room.

All the prisoners lived with the constant fear of interrogation, which came every few days. The electric gun was used on Mr Al-Sarraf several times.

On other occasions he was forced on to a bottle inserted into his anus. Worst of all, he remembers a bottle being tied to his testicles, and gradually filled with liquid.

"The more they put in, the more you feel your soul is going out. You feel as if every part of your body has been squeezed and crushed. Imagine what kind of pain it is. And they start laughing."

Sometimes Mr Al-Sarraf was taken to a larger room, where he witnessed what was being done to others.

"I saw an air pump, with a hose which had been inserted into [the anus of] one of the Kuwaitis. They pump off-on, off-on. I saw some people had been tied up to the roof, being beaten with a hammer.

"And then I saw them put an empty bottle on the ground, and four Iraqis came in with a man, and put him down, with his chest towards the bottle. Two of them tied his hands, and one Iraqi jumped on his back, so his chest will be broken or badly damaged.

"They did this to one Egyptian man. He was screaming for two days and then died."

Others Mr Al-Sarraf was kept with had their fingernails pulled out, while one man's legs and feet had been beaten so badly he could not walk.

Once Mr Al-Sarraf asked his torturers how they could commit such atrocities.

"They said they had been trained since they were very young to do this to the Iraqis, to their own people. What were the Kuwaitis to them? They were brainwashed, they had no emotion."

Release came unexpectedly on New Year's eve. Friends of Mr Al-Sarraf bribed the Iraqis with 1m dinars to have him set free, and allowed to leave the country. Weak and bewildered, he escaped through the border at Khafji and within two weeks was in London.

Mr Al-Sarraf speaks of an overwhelming desire for revenge, for his torturers to be brought to justice. "I do not know their names, but their faces I will remember for ever."

Hameed Al-Sarraf: You feel as if every part of your body has been squeezed and crushed

Major may ask Gorbachev to help free PoWs

By Anthony Robinson

MR John Major, the British prime minister, may ask President Mikhail Gorbachev of the Soviet Union to use Moscow's contacts with Iraq to help secure the release of allied prisoners of war if no progress is made today in talks between allied and Iraqi military commanders.

This and other co-operation in the Middle East is expected to top the agenda when Mr Major visits Moscow next week for the first meeting between a western leader and the Soviet president since the European security conference summit in Paris last November.

Moscow built up close contacts with the Iraqi regime during two decades of political and military co-operation, making it privy to information not readily accessible to western governments looking for complementary channels of communication with Baghdad.

Mr Major is also expected to discuss Moscow's broader role in future Middle East peace negotiations, including co-operation in preventing a new arms race in the region now fighting has stopped.

Mr Major, who as chancellor of the exchequer took a keen interest in Soviet economic reform, is also expected to inquire about prospects for a return to the market-orientated structural reform policies which western governments and institutions consider a pre-condition for investment and other assistance. The reforms have been on a back burner since the government rejected last October the 500 day crash programme of economic reforms put forward by Professor Stanislav Shatalin and other reform economists. He is also expected to urge prompt payment to British companies, some of whom have been waiting for months for export payments.

The prime minister will meet representatives from the Baltic states and opposition groups before his meeting with Mr Gorbachev on Tuesday. But he is not expected to meet Mr Boris Yeltsin, President of the Russian Federation, who recently called for Mr Gorbachev's resignation and is opposing him at the March 17 referendum on a new union treaty. The treaty is also opposed by Baltic and other republics seeking independence rather than the looser federal system with strong residual powers for Moscow offered by the new treaty.

Britain along with other western governments condemned the recent Soviet crackdown in the Baltic states which led to 14 deaths in Lithuania. Mr Major is expected to underline western demands that Moscow conforms with the letter and spirit of international treaties like the Paris Charter, which includes respect for human rights, and the Conventional Forces in Europe (CFE) arms reduction agreement as the precondition for any future extension of cooperation.

Road of death for Iraqis fleeing Kuwait City

The scorched remains of civilian and military vehicles litter the road to Basra. They were destroyed in allied bombing raids against the retreating Iraqi army

Commission approves Israel aid

By David Gardner in Brussels

THE European Commission yesterday approved an Ecu250m (£176m) package of aid to Israel and the occupied territories, to help alleviate the economic and social effects of the Gulf war.

The aid consists of balance of payments loans to Israel and grants to the Palestinian population in the West Bank and Gaza.

The package got the go-ahead in principle from EC foreign ministers four weeks ago and will come out of a top-up to the EC budget to cover it, other Gulf-related aid, and funds for the Soviet Union and eastern Europe.

Officials initially said that Ecu150m would go to Israel and Ecu100m to the Palestinians, to be disbursed through their agri-export and commercial organisations, and Palestinian banks.

The Commission has been increasingly critical of Israel's policy in the occupied territories, while advocating an international peace conference on the Palestinian issue.

UN plans emergency airlift for Iraq

Fearing a health catastrophe in Kuwait and Iraq, the United Nations plans to send emergency aid to the area, Mr Javier Perez de Cuellar, the Secretary-General, said yesterday, reports Michael Littlejohns, UN Correspondent in New York.

Considerable prior planning had been undertaken and UN stocks were available in the region to be moved speedily.

A UN mission reports severe shortages of food and medicines and depicts a country in dire straits. There was little water, no fuel, no transport services and raw sewage overflowed into he streets. If nothing is done to remedy water supply and improve sanitation, a catastrophe could affect Iraq, the UN team said.

Iraq tried to switch funds in UK to Jordan central bank

By Richard Donkin

US Treasury investigators have uncovered what they believe was an Iraqi attempt to hide bank-held assets after the imposition of sanctions on Iraq and the freezing of its foreign assets.

Lawyers working for the Treasury's Office of Foreign Asset Control (OFAC) have uncovered foreign bank telexes dated after the August 2 invasion requesting the transfer of millions of dollars into Jordanian bank accounts.

The operation appeared to emanate from the Rafidain Bank, which, with the Central Bank of Iraq is one of Iraq's three home-based banks.

On August 3 the Arab Bank in London was notified that £8.2m was to be transferred from a Rafidain Bank account held at the Midland Bank to a Central Bank of Jordan account at the Arab Bank. The Rafidain Bank has £86m on account with the Midland Bank.

Two days later on August 5 the ALUBAF Arab International Bank in Bahrain received instructions from the Rafidain Bank to convert $75m of Iraqi deposits into Swiss francs and to transfer them to a Central Bank of Jordan account at the Union Bank of Switzerland in Zurich.

Both attempts at transferring funds were thwarted. Although the first notification on August 3 preceded the European Community decision to freeze assets on the same day by a matter of hours, the Bank of England moved to stop the transaction. The second attempted transfer was stopped by the Bahrain Monetary Agency.

The ALUBAF bank has a close relationship with the Iraqi banks. Mr Tarek Al Tukmachi, its former vice chairman is now the governor of the Central Bank of Iraq. Previously he has run the Rafidain Bank.

The investigators believe the intention of the transactions was to provide a a pool of money that could be used to continue trade in breach of the embargo.

The allegations are likely to fuel US suspicions that Jordan could have helped Iraq circumvent the international sanctions. Jordanian Central Bank officials have denied any complicity in attempting to assist Iraq avoid sanctions.

The move has led to Jordanian diplomatic protests in the US but the OFAC investigations are continuing. Officials familiar with the operations of the organisation said that the office also suspected that Mr Saddam Hussein, the Iraqi president may have attempted to salt away personal funds in secret foreign bank accounts, though no accounts have yet been uncovered.

Hussein offers to turn over new leaf

By Mark Nicholson in Amman

KING Hussein of Jordan yesterday began an attempt to retrieve its international image as a moderate Arab nation by saying the kingdom would put the "bad memories" of the war behind it and seek to "turn over a new leaf."

The King said Jordan "throws its arms wide open to all those who wish to establish friendly relations" in an appeal both to the west and alienated Arab states to resume warmer relations.

Signalling his desire to play a leading part in regional peace talks, the King urged the world to "address the question of Palestine by the same criteria that it applied over the question of Kuwait."

The tone of the speech seemed designed to console Jordanians, who had championed Mr Saddam Hussein more vociferously than most in the Arab world.

But the King struck a conciliatory note for external consumption, peppering his speech with calls to restore Arab unity and saying that "dynamic nations do not allow bad memories to stall their progress".

The King's speech follows clear signals from Jordan that the country wanted to mend its relations with other Arab states. Jordan's pro-Iraqi neutrality has deeply alienated Egypt, Saudi Arabia and other Gulf states.

The King said Jordanians should take great pride in their "commitment to noble principles" throughout the conflict, and cast the Kingdom as an unflagging but failed peacemaker.

The speech contained no signs of the King's earlier outspoken anger at the coalition's attacks on Iraq, or of his belief that the war was continued unnecessarily after Iraq had accepted the Soviet peace plan.

Gulf oil slick clean-up proposed

A multi-million pound international fund to pay for expertise and equipment to clean up the huge oil slick in the Gulf has been proposed by the International Maritime Organisation which represents 135 countries, reports John Hunt, Environment Correspondent.

It is hoped that industry as well as governments will make substantial contributions to the fund Mr William O'Neil, the Canadian who is IMO secretary-general, said yesterday.

Officials from some of the member countries, including Britain, met this week at the IMO headquarters in London to discuss the fund.

The IMO said that the spill consists of between 1.5m and 2m barrels of oil moving southward.

Palestinians 'start to realise their terrible mistake'

By Hugh Carnegy in Ramallah, occupied West Bank

LESS than a day before the Gulf war began, Mr Khalil Mahshi, a prominent Palestinian headmaster, spoke to two reporters visiting his school in Ramallah about the attitude of Palestinians living under Israeli occupation to the impending conflict.

As principal of the Friends Boys School, owned by the Quaker movement in the US, he readily confessed foreboding over the prospect of war. But he equally readily understood why people in the West Bank and Gaza Strip, almost without exception and with loud acclaim, had backed President Saddam Hussein of Iraq.

A day after the war ended with Iraq's defeat, Mr Mahshi, a thoughtful, respected figure with finely tuned political antennae, reflected that frustration over their own lack of progress towards independence was such that Palestinians could not have done otherwise than support President Saddam however disastrous it may have proved.

"People feel bad. But they don't blame themselves. They could not have backed the United States. They couldn't but feel the way they did," he told the same two visitors returning yesterday to his school.

Mr Mahshi acknowledged that the outcome of the war had weakened the cause of the three-year old Palestinian intifada, or uprising, against Israeli rule which before the Gulf crisis had already lost much of its early momentum.

He described the sense of disbelief and shock among his elder pupils, who had convinced themselves Mr Saddam would triumph, as they heard Iraqi broadcasts accepting withdrawal.

Palestinians are starting to admit that backing Baghdad was a terrible mistake. Many cheered Iraqi Scud missile attacks on their Israeli neighbours. Meanwhile, the Israeli army subjected them to the toughest curfews of the occupation, exacting a severe economic cost to add to the loss of remittances, jobs and aid already caused by the Gulf crisis.

The hardline Israeli Government is more adamant than ever that it will not cede the West Bank and Gaza and the international diplomatic stock of the Palestine Liberation Organisation is sharply diminished.

Mr Mahshi says a sober realism has quickly set in. There is some hope in the call from the US and its allies for a solution of the Palestinian conflict as a key to stability in the Middle East.

However, looking for salvation from outside, as Palestinians did in the case of President Saddam, was no solution. "This hope was shattered. The lesson is clear. We cannot rely on the Arab nation."

UN well prepared for trickle of refugees

By Mark Nicholson in Amman **and Jimmy Burns** in London

JUST OVER 15,000 refugees have left Iraq since the start of the Gulf war, the United Nations High Commission for Refugees said yesterday.

Many more had been expected to flee Iraq after the war started, but some may have been deterred from leaving their homes because of the intensity of the allied bombing.

Apart from the fear of being harmed by bombs, potential refugees have been curtailed by the destruction of roads and bridges, and by fuel shortages.

Arrivals over the last six weeks have fallen well short of the human tide of nearly half a million which massed on the countries bordering Iraq last summer. Many of those were third country nationals who have been evacuated to their home countries from refugee camps, mainly in Jordan and Turkey.

Since January 15,000 refugees have left Iraq. About three-quarters of these are third country nationals including Somalians, Sudanese, Vietnamese, and Sri Lankans who had been working in Iraq and Kuwait. The rest are Iraqis.

About 10,000 are in camps in Jordan, Syria, Iran, and Turkey. The rest have flown to Egypt and a variety of Asian and African countries.

In Jordan, the Ruweished border post with Iraq, which in August and September teemed with evacuees fleeing Kuwait and Iraq, is today a ghost town. It is crossed only by a few Jordanian oil tankers and the occasional incoming car laden with a family and some bundled possessions.

Five of Jordan's eight evacuee camps built for – and since – the height of the flood, are now empty. Some 1,060 evacuees yesterday occupied the others, awaiting flights to Egypt, Sudan, and Somalia and other destinations in the next few days.

While the number of refugees has tailed off since the summer, relief agencies say they are still preparing for further arrivals of refugees because of continuing uncertainty in the region.

Provisions have been made for the initial arrival of a further 25,000 refugees in each of the countries neighbouring Iraq as part of a $38m regional humanitarian plan of action launched on January 11 by several international relief organisations, including several UN agencies, the International Organisation for Migration, and the International Red Cross.

Nevertheless, the United Nations Disaster Relief Organisation is pressing ahead with plans to expand the capacity of Jordan's camps from 60,000 to 100,000 with work on a ninth camp, which could temporarily house 45,000 evacuees.

Mr Alex Wustenhagen, a local official of the United Nations Disaster Relief Organisation, confirms that the UN's plans were originally meant to cater for the possibility that many more may have chosen to seek temporary refuge in Jordan from the war.

In the two critical months last summer, Jordan received, fed, sheltered and finally flew or shipped home 1.3m evacuees, mostly Egyptian, Indian, Pakistani, and Filipino guest workers in Iraq and Kuwait who cut their losses and ran. The exercise cost Jordan $55m, and only $21m has been pledged in aid since.

Jordan additionally received and accommodated up to 250,000 Palestinians who returned from their work in Kuwait, and some other Gulf states, to seek shelter with their families in the Kingdom.

Up to 200,000 Palestinians, mostly holding Syrian, Lebanese or Egyptian passports, remain in Kuwait. Until recently there were no signs that these Palestinians wanted to leave largely because of the fuel shortage and the enormous danger of passing along the main Kuwait-Iraq highway.

This situation could change however now that the allied offensive has ceased and that the main danger being faced by some Palestinians stems from the anti-PLO feeling in Kuwait.

The only other substantial group of possible evacuees is the remaining 1m plus Egyptians in Iraq. However, most are farmers who have lived and worked in Iraq for decades in many cases and may be among the most reluctant to give up their lives there.

Iberia resumes some Mid-east flights

Swissair and Iberia said yesterday they would resume some flights to the Middle East.

The Swiss airline is restoring routes to Jeddah in Saudi Arabia, Tel Aviv and Abu Dhabi, but flights to Riyadh, Baghdad and Kuwait remain suspended. Iberia, the Spanish state-owned airline, said it would resume some flights to Tel Aviv and Cairo

Musical chairs propels Spaniard into newly created top EC job

As Inspector General Eduardo Peña Abaizanda's duty will be to oversee the European Commission, reports David Gardner

THE European Commission is shortly to get a new watchdog – but one who's just been bitten by the very practices he will be supposed to muzzle.

The new institution of Inspector General, will be empowered to oversee the Commission's management habits and ensure that political interference in appointments and the need to share out posts between member states do not lead to an inefficient EC executive.

But by a supreme irony, the post will be filled by an official who has himself emerged from precisely the sort of politico-national reshuffling it will be part of his job to monitor. Eduardo Peña Abizanda, the current director-general of transport from Spain who is set to become Inspector General *this month, thus brings to* the job first-hand experience of Commission musical chairs.

The music *started*, appropriately enough, at Directorate-General (DG) IX, in charge of personnel. The Commission's 23 DGs are its civil service, and control of them is prized by both the member states and the 17 commissioners to whom they work - not to mention those who head them.

The heads, or director-generals, are political appointments. Member states put forward candidates, ideally with experience and expertise, and there is also a pool of aspirants already working *in* the Commission and wise in its ways.

DG IX falls within the remit of Mr Antonio Cardoso e Cunha, the Portuguese commissioner for energy, and it was he who started the latest *log-rolling exercise by seeking to* replace Mr Richard Hay, from the UK, with a top Belgian EC official, Mr Frans De Koster.

Mr Hay, who has taken early retirement, seems - Commission officials say - to have irked Mr Cardoso by falling in with Belgian government concerns for linguistic balance and siting the new European School in a Flemish-speaking area, inconveniently located near the ugly and noisy Brussels airport, rather than a salubrious Francophone suburb the Eurocracy which uses the school would expect.

Two problems immediately arose. The British, who have four DGs, would be one down, whereas the Belgians would be overrepresented in proportion to their size in the Community. The Belgian member of *the Commission, Mr Karel Van* Miert who has charge of transport, was thus approached, officials say privately, and asked to persuade one of his countrymen at DG level to stand down.

Though said to have been willing to help in the interests of maintaining balance, he could not, it transpired, connive in the move of the Belgian official identified as best suited to depart. The reason was that the latter was a Francophone Christian Democrat, whereas Mr Van Miert is a Flemish socialist. Belgians within the Commission have *to respect the delicate balance* between linguistic community and ideological tribe they maintain outside it.

But Mr Van Miert offered an alternative, a senior Commission official *with long experience of the bureau*cracy says. He suggested moving his own director general, Mr Pena, above all in the knowledge that transport is traditionally something of a UK preserve to which it is now likely to return.

Further reshuffling, moreover, is expected to reinforce the UK's position in the Berlaymont's 13,000-strong bureaucracy with an extra deputy director-generalship. What to do then about the Spaniards, who see themselves in the first division of the Community and thus entitled to a full helping of plum jobs?

In exchange for the potentially powerful transport DG, they get the new Inspector General's job, and, they have been promised DG V, Social Affairs, when its present incumbent retires in 1992. This, con*veniently, is occupied by a Belgian -* so their numbers come back into kilter. The Spaniards are rubbing their hands. The way the logs have rolled, they get an extra top job.

Given this sort of shenanigans, what is most surprising is that the Commission works as well as it does, particularly given that the ambitions of the European union project have brought an increased workload it is understaffed to cope with. One senior political appointee argues that "we appoint the wrong people, to the wrong positions, for the wrong reasons."

The European Court of Auditors, the watchdog whose report on Commission management last year has led to the creation of the Inspector General post, picks out structural and political weaknesses in great detail. But the balance of its opinion was broadly favourable, given – as it coyly puts it - "the variety and political nature of the Commission's objectives and the international, *multicultural context of its working* conditions".

The official mentioned above, and others at various levels, point out that the Commission presidency of Mr Jacques Delors of France, now in its seventh year, has seen a fair amount of political tutelage at management level. Mr Delors political staff, headed by Mr Pascal Lamy, has identified key positions throughout the Euro-civil service and gone for them, giving it, as the political appointee put it, "control of the Commission machine." But at the same time, he says, the Delors people have usually sought out quality candidates for the posts they want.

Japanese raider held on extortion charges

By Stefan Wagstyl in Tokyo

A JAPANESE corporate raider, at the centre of a widening stock market scandal, was yesterday arrested *on allegations* of extorting Y30bn (£118.57m) from a company by threatening to sell a block of its shares to gangsters.

Mr Mitsuhiro Kotani was accused of extorting the money in mid-1989 from Janome Sewing Machine, a sewing machine manufacturer, in which he is the largest shareholder.

He needed the funds to pay for the acquisition of Kokusai Kogyo, an aerial survey company, which he acquired in a bitterly-contested takeover in 1987-88.

According to officials of the Tokyo District Public Prosecutor's Office, Janome officials agreed to pay to stop Mr Kotani carrying out his threat and selling off an 11 per cent *stake. Last year, when* Mr Kotani's financial difficulties worsened, Janome gave him a Y187bn loan.

Mr Satoru Morita, the Janome chairman, and Mr Hiroshi Saito, the president, resigned in January over the affair. Yesterday, Mr Masami Okumura, the new president, said it was regrettable that Janome had not stood firm and fought off Mr Kotani to the end.

Japanese companies fear contacts with criminal organisations because they believe the law often does not give them sufficient protection. Police concede gangsters are *able to squeeze money out of* companies – by threatening to disrupt company meetings, for example, or by forcing executives to do business on unfair terms with enterprises controlled by gangsters.

Mr Kotani and Koshin, his near-bankrupt investment syndicate, are the subject of a wide-ranging investigation by the public prosecutor's office which is examining claims of insider trading, securities fraud and tax evasion. Yesterday was the second time Mr Kotani had been arrested. Last year he was taken into custody on charges of stock manipulation which he later admitted.

The scandal, the most significant since the Recruit affair, has touched not only Mr *Kotani and his immediate cir*cle but also bankers and politicians.

Janome first came into Mr Kotani's sights in 1985, when he started buying shares with the apparent aim of greenmailing the company – forcing it to buy his stock at an inflated price. By 1987, he was Janome's largest shareholder and secured a seat on the board from a company which was not sure whether to try to fight him or accommodate him. As so often in Japan, the Janome executives preferred a quiet compromise, if they could get it, to a noisy row. They also *did not want to embarrass* their main bank, Saitama Bank.

In 1987, Mr Kotani turned his attention to Kokusai Kogyo, where he again tried greenmail. But Kokusai Kogyo refused to budge. Mr Kotani changed his plan and launched a hostile bid for the group which succeeded only after he exploited a row between the father and son who ran the company.

But the cost of taking control of Kokusai Kogyo strained Mr Kotani's finances, so, according to the public prosecutor's office, he turned to Janome for funds. But even Janome could not provide all that he needed and last year, as he later admitted, he manipulated *the shares of Fujita Tourist* Enterprises, a leisure group, to raise more funds. The transactions were so blatant that Mr Kotani was arrested soon afterwards and a probe started into the rest of his activities.

Janome officials hold out little hope of recovering from Koshin much of the Y200bn-plus which the company paid or lent out. *Koshin's assets*, mainly blocks of shares, have collapsed in value after last year's 40 per cent plunge in the Japanese stock market.

Frederick Chiluba yesterday after being elected head of Zambia's Movement for Multi-party Democracy

Zambia TUC chief to lead opposition

By Mike Hall in Lusaka

MR Frederick Chiluba, leader of Zambia's powerful trade union congress, was elected president of the Movement for *Multi-party Democracy (MMD)* yesterday, becoming the first leader of a legal opposition party for nearly two decades.

Mr Chiluba, 46, the son of a copper miner, polled nearly two-thirds of the vote defeating three other candidates by a wide margin. In a brief acceptance speech, he said he would continue to promote the cause of democracy.

He also promised to lift state controls over the economy. "It is our intention not only to liberalise the economy but to privatise as much as possible," *to encourage "initiative and* enterprise".

His first task would be to try and "break down undemocratic government structures," especially the ailing state-run Zambia Consolidated Copper Mines, the country's main foreign exchange earner.

Standing just over five feet tall, Mr Chiluba is a fiery and articulate orator. In the past 17 years of one-party rule, he has been among the most con*sistent critics of Mr Kaunda's* socialist-style government.

He said his party would embrace IMF-backed structural adjustment, adding that many of Zambia's social and economic problems had been frustrated by President Kaunda's delays in implementing such programmes.

Mr Chiluba has a difficult task in holding together what he describes as a "rainbow coalition." He will also have to oversee the development of economic policies attractive to both aid donors and a restless *electorate.*

In addition, he will face a deeply entrenched ruling party, UNIP, that seems bent on frustrating the opposition.

Presidential and parliamentary elections are due before October this year and, according to most analysts, are most likely in July.

Kenya police arrest government critic

By Julian Ozanne in Nairobi

KENYAN security police arrested an award-winning human rights lawyer and prominent government critic yesterday as part of a crackdown on political dissent.

Mr Gitobu Imanyara, who edits and publishes the controversial Nairobi Law Monthly, was picked up by special branch officers at his office.

His arrest followed police seizure of the latest edition of his magazine which carried an editorial indirectly accusing President Daniel Arap Moi of packing government-owned corporations with members of his own Kalenjin tribe, which comprise about 11 per cent of the population.

In the editorial, Mr Imanyara said he was raising the issue knowing it would result in accusations of sedition and calls for the magazine's banning.

"Those, however, are the risks every patriotic Kenyan must be prepared to take as our nation struggles to build a nation ruled by law, a nation where the constitutionally guaranteed right not to be discriminated against on account of . . . ethnic considerations will have meaning," he said.

The magazine also reprinted an illegal manifesto of the National Democratic Party whose launch last month was muzzled by the government in the daily press.

Mr Imanyara's detention follows the arrest and charging with sedition last week of Mr Luke Obok, a colleague of Mr Jaramogi Oginga Odinga who is spearheading the new political party.

Mr Imanyara recently won the Golden Pen of Freedom Award, *given by the* International Federation of Newspaper Publishhers, which cited him as "an outstanding representative of those rare people whose dedication to freedom overcome the fear of arrest, imprisonment or torture which keeps so many silent in the face of political tyranny."

Bush seeks longer Gatt talks mandate

By Nancy Dunne in Washington

THE BUSH Administration yesterday sent Congress a formal request for a two-year extension of its vital "fast-track" authority to continue talks in the Uruguay Round and begin negotiations for a North American trade agreement.

The request will meet opposition in both houses, either of which can *revoke the authority* by a majority vote taken by June 1. In granting the fast-track, Congress agrees not to amend specified trade agreements.

The Administration's hand was strengthened by the endorsement yesterday of its private sector advisory group which concluded that "sufficient progress" *had* been made in the Round to justify the extension.

US trade officials this week indicated that no artificial deadline would be set to complete the talks before the two years are up. Mr Julius Katz, the deputy US Trade Representative said a good agreement "is more important that whether it takes three months or six months or nine months or whatever it takes us."

This strategy is raising concern in Congress which has seen much of its tough 1988 *trade legislation shunted aside* to preserve harmony in the Round. The Trade Representative last month decided once again not to act this year against EC and Korea for closed markets on telecommunication and to extend talks for another year.

Yugoslavs meet to discuss future

YUGOSLAVIA'S political leaders yesterday held the sixth summit on the country's future, against a background of threats by the Serbian minority in Croatia to secede from the republic, writes Laura Silber in Belgrade.

But leaders of the six republics, and Mr Ante Markovic, the federal prime minister, are unlikely to dilute the differences between the communist governments of Serbia and Montenegro and the other four republics about the political *structures of the country.*

Serbia insists Yugoslavia remain a federation of six republics. The western republics of Croatia and Slovenia want the federation transformed into a loose organisation of independent states.

Croatia's steps towards independence were yesterday challenged by Mr Milan Babic, the leader of the *self-proclaimed* autonomous region of Krajina in the republic.

"The predominantly Serbian region would remain in federal Yugoslavia regardless if Croatia secedes," he said. Mr Babic says the declaration of independence from Croatia represents the 250,000 Serbs in Krajina.

Serbs declared autonomy within Croatia last October.

Zia kept out of power in Dhaka

BANGLADESH is to remain under a caretaker government for a further two or three months because of difficulties that emerged yesterday over the transfer of power to an elected administration, write David Housego and Reazuddin Ahmed in Dhaka.

Mrs Khaleda Zia, the leader of the centrist Bangladesh National Party (BNP) emerged the clear victor of the election with 140 seats out of the 294 declared results. But she fell short of the number needed for an *absolute* majority.

Mr Shahabuddin Ahmed, the acting president, said an immediate transfer of power was not possible because of Bangladesh's presidential system. Executive power lies with the president who names the prime minister from the majority party in the parliament. Since the overthrow of former President H.M. Ershad in December, Bangladesh has had no elected president.

The acting president said last night parliament will not meet until mid April. In the *meantime he will hold talks* with the leaders of the political parties over the formation of a new administration.

The situation has been further confused by the dispute among political parties over whether Bangladesh should retain the presidentail system or return to a parliamentary form of government.Mrs Zia favours the presidential system.

Surge in Tokyo exports

By Ian Rodger and Stefan Wagstyl

A SURGE in exports cut Japan's current account deficit in January to $33m, compared with $559m for the same month last year, according to figures *announced yesterday.*

Japan usually posts large monthly current account surpluses, but deficits often occur in January because the New Year holidays tend to reduce exports for the month.

Exports this January grew by 18.2 per cent to $21.5bn and imports by 8 per cent to $18.5bn, leaving a merchandise trade surplus of $3bn, nearly three times as large as in January 1989.

The deficit on invisible items widened from $1.39bn last year to an estimated $2.8bn.

- New car sales in January fell 4.5 per cent compared with the same month last year, providing fresh evidence of a slowdown in the Japanese economy. It was the fourth monthly decline in succession.
- Consumer prices in the Tokyo metropolitan area, a closely watched guide to national inflation trends, dropped 0.3 per cent in February from the previous month.
- Japan's unemployment rate eased 0.1 per cent to 2 per cent in January from December on a seasonally adjusted basis. The number of employed rose 1.39m or 2.3 per cent from a year earlier to 61.75m.

Thai junta adopts constitution

By Peter Ungphakhorn in Bangkok

THAILAND's military leaders put their week-old junta on a sounder legal basis yesterday by adopting an interim constitution that paves the way for a caretaker government and calls for elections this year.

But General Sunthorn Kongsompong, the official coup leader, said martial law could not be lifted yet because "foreigners" had been hired to destabilise the country by attacking the junta. He declined to give their nationality or any other details.

The interim constitution, which was signed by King Bhumibol Adulyadej, provides for the appointment of a cabinet, national assembly and constitution-drafting committee. It grants the six-man junta, which has become the National Peace-keeping Council, and whoever is appointed prime minister, joint power to take summary action.

The generals are still searching for a prime minister who would be acceptable to them and command sufficient respect to revive confidence in Thailand's government and economy. Having earlier promised to appoint a cabinet this week, Gen Sunthorn said yesterday the appointment would be made "soon".

In an apparent move to increase its popularity, the junta *has announced cuts in* income tax and retail oil prices. Late last night, it instructed the commerce ministry to consider ordering cuts in prices of consumer goods – a measure many economists advising the junta have argued would be unworkable.

Japan and the US have curbed aid to Thailand since the coup, while the EC and New Zealand have issued critical statements. The Burmese government has recognised the junta. China has expressed good will.

- Dr Richard Hu, Singapore's minister of finance, yesterday unveiled next year's budget, which fell short of reducing corporate tax rates but will continue to run up a budget surplus.

Revenue is expected to total S$17.2bn (£5.2bn), exceeding expenditure of S$15.8bn.

But a 31 per cent corporate tax rate was not reduced. Dr Hu said it was among the world's lowest.

Poll test for Hong Kong liberals

By John Elliott in Hong Kong

HONG KONG'S liberal lobbyists, who are pushing for increased democracy in the colony, face the first test of their electoral popularity tomorrow in polls for 19 district boards.

Their main opponents will be trade unions and business groupings, which want close relations with China.

The boards only perform a consultative role and one-third of their 414 members are appointed by the government. But the elections tomorrow, involving 472 candidates stand*ing for 274 seats, are significant* because they follow the formation last year of the colony's first political parties and they lead on in September to the first direct elections for the legislative council.

Tomorrow's clash between Hong Kong's pro-China groups and pro-democracy liberals will be closely watched by Mr Lu Ping, Peking's senior official responsible for the colony, who arrives here in the afternoon for a six-day official visit.

Peking is believed to have put considerable resources behind its supporters and has made it clear that it would like the main liberal party, the United Democrats, abolished. It will also not be disappointed by an expected low voter turnout.

Mr Y.C.Tam, vice chairman *of the pro-Peking Federation of* Trade Unions, said: "Because we are Chinese, more of our people must understand more about China so we learn how we can co-operate."

Mr Lu Ping used to be *regarded by Hong Kong as* one of its main supporters in Peking, but he has emerged recently as one of China's most outspoken critics of the colony's plans for an HK$100bn international airport. He was recently appointed director of the Hong Kong and Macao Affairs Office and is believed to feel bound publicly to reflect the views of China's hard line leader.

The government hopes that year-long differences over the airport will be sorted out during his visit. A fluent English speaker, Mr Lu will be making a rare public speech next Friday which will be closely watched to gauge Peking's current attitude towards Hong Kong.

Latvians and Estonians square up to freedom poll

By Leyla Boulton in Riga

THE Baltic republics of Latvia and Estonia go to polling stations tomorrow to vote on *whether they want full* independence from the Soviet Union.

The so-called "surveys" are pro-independence parliaments' answer to President Mikhail *Gorbachev's plan for a coun*try-wide referendum on March 17. The Baltic republics say the referendum, which will ask voters whether they want to belong to a "renewed union", does not apply to them *because* of their annexation by Stalin in 1940.

"This poll is the only argument which we can use to reason with Gorbachev," claims Mr Ilmars Bisers, the Latvian deputy prime minister who is responsible for talks with *Moscow.*

Lithuania, with an 80 percent majority of ethnic Lithuanians, blazed the trail for its neighbours last month when a similar poll produced a resounding majority *in favour* of independence.

Estonia, with a clear Estonian majority of 62 percent and many independence sympathisers among its non-Estonian *minority*, can also count on substantial support for independence. But the exercise is something of a gamble for Latvia, where the ethnic population has shrunk to 52 per cent because of a massive influx of workers from other republics after the war.

The poll will be a crucial test of support for independence among non-Latvians. Many Russians and Ukrainians voted for Popular Front candidates in last year's elections, helping explain a pro-independence majority of two-thirds in the Latvian parliament. They were motivated mainly by opposition to the communist party and the poverty of the socialist way of *life. But some are now* having second thoughts.

Soviet military violence and a failed putsch sponsored by the Latvian communist party last month helped foster mistrust between Russian-speakers and Latvians.

The Latvian parliament's *failure meanwhile* to come up with guarantees of citizenship to non-Latvians, together with a worsening economic crisis across the Soviet Union, has embittered many.

The Latvian communist party, which sponsored the ill-fated coup, has capitalised on these fears with a bitter propaganda campaign in the run-up to the poll. Anonymous *leaflets dropped into mail*boxes warn Russian speakers that a yes vote will pave the way for an "anti-democratic, totalitarian regime" in which non-Latvians will become "second-class citizens".

These allegations are denied by Latvia's leaders, who say *they plan* a just society for all. Mr Ivars Godmanis, the Latvian prime minister, spent two hours at an electrical engineering plant on Thursday explaining government policy to Russian workers. *The* mixed reaction he received was a telling indication of doubts and division among non-Latvians.

Mr Vadim Mosolev, also a Latvian-born Russian, said he *favoured independence* and a market economy "100 per cent". "I'm sure life will be better. Property gives people a sense of self-reliance and well-being," he said.

Soviet miners mixed on strike

By John Lloyd in Moscow

SOVIET miners yesterday gave a mixed response to a call for a strike in most of the major coal producing areas of the Soviet Union.

Strike organisers report that indefinite strikes have started in Vorkuta, in the Polar north, and in the Krasnoarmeisk area on the Volga river. However, in the major mining area of the Donbass, in the Ukraine, only a minority of pits took full strike action over a 24 hour period.

Mr Mikhail Krylov, the Donbass area strike committee chairman, said that miners in all the pits had refused to deliver coal to the central depots.

"This was just a token action. After today we will meet to decide how much time to give the Government before considering a full strike."

However, another miners'leader, Mr Konstantin Fesenko, told the Postfactum news agency that the strike was "senseless and harmful," and said it had been whipped up by the Soviet government to "corner" the Ukrainian authorities, who could not afford the pay rises demanded.

In the Karaganda area in Kazakhstan, all but six of the region's 26 pits stopped work for 24 hours. Mr Valery Vnukovsky, a member of the strike co-ordination committee, told the official new agency TASS that negotiations had started with representatives of the Kazakh government and of the Soviet Coal Industry Ministry.

In all areas, workers' councils are *meeting to decide* further actions in support of demands for wage increases of between of between 100 and 150 per cent.

Attention will shift on Monday to the militant Kuzbass area in Siberia, where miners have called a 24-hour strike Besides wage rises, the Kuzbass miners have demanded the resignation of Mr Mikhail Gorbachev, *the Soviet Presi*dent; the depoliticisation of the Army, KGB and Interior Ministry;the lifting of censorship on the mass media; and a law on the indexing of wages and prices.

Today's volatile economic climate has seen new political and financial structures developing, fresh markets opening up, and legislation and regulations changing throughout Europe.

As national trade and investment barriers fall, so European companies must decide their strategies for operating successfully in the new integrated market.

In order to create opportunities out of these changes, the need for an innovative, flexible corporate finance advisor to help you achieve your strategic objectives grows ever greater.

Which is where we can play a decisive role.

Our local experience in virtually every European country, part of our established presence in over 50 countries worldwide, together with our global client base, enables us to offer our European clients a wealth of expertise.

At the same time, our specialist teams offer an in-depth understanding of industries such as media, paper and packaging, chemicals, branded foods, energy and insurance. A knowledge that allows us actively to approach companies with strategic M&A recommendations.

These factors allow us to match the strengths of our products to the needs of our clients in every sector of corporate finance, from structured finance (including loan syndications and project finance), to cross-border acquisitions and tax-effective financing.

In addition to advising clients, we can also provide underwriting capabilities in both capital and private markets through equity, mezzanine or senior debt financing.

As well as applying complex structuring and financing techniques, thanks to our proven skills in risk management.

In short, we bring a combination of knowledge, skills and contacts to bear in offering a complete, proactive service – a service that's already helping companies achieve their goals.

It's all part of our commitment to the new Europe. A commitment which explains why the deals with which we've been involved all bear the stamp of success.

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Anglo-French link in frigate project

By David White, Defence Correspondent

THE BRITISH and French navies yesterday took an important step towards collaboration on a new frigate which – if it reaches production – would be the first joint venture of its kind.

The air-defence warship the two countries envisage for the beginning of the next century fills the gap left by the collapse in late 1989 of an eight-nation project for a collaborative Nato frigate.

The UK was the first participant to pull out of the ambitious £12bn multinational NFR90 frigate plan. It argued that the ship had to meet too many different requirements and that the timetable was unrealistic.

Last year, the UK began discussions with the French on a bilateral project meeting similar military requirements and employing a new generation of missiles that the two countries are developing jointly with Italy.

The two chiefs of naval staff, Admiral Sir Julian Oswald and Admiral Alain Coatanea, yesterday signed a "joint statement of need" describing the broad characteristics of the ship they needed.

That is expected to lead to a detailed joint requirement being drawn up by the end of next year.

The navy chiefs said the Anglo-French frigate would be a "new and different" project from the failed Nato programme and hoped it would work out cheaper for the two navies than the Nato frigate would have done.

The Royal Navy needs a ship to succeed its 12 Type 42 air-defence destroyers, but Admiral Oswald would not say how many ships it hoped to obtain.

France was meanwhile planning for a first tranche of four vessels, Admiral Coatanea said. France's present air-defence ships, needed to support its aircraft carriers, were already out of date and their service lives were being prolonged further.

MPs back bill to curb estate agents

By Emma Tucker

ESTATE AGENTS who mislead house buyers with false descriptions and inaccurate statements could be fined under a bill approved in principle in the Commons yesterday without a vote.

Introducing the bill, Mr Anthony Coombs, Conservative MP for Wyre Forest, said it was designed to protect consumers and raise standards among estate agents.

He told MPs of one case in which a block of flats was blanked out of the picture of a property, giving the impression the house was in the countryside. Other examples included exaggerating room dimensions and describing leasehold properties as being freehold.

The bill, supported by the Consumers' Association, the National Association of Estate Agents and the Royal Institute of Chartered Surveyors, would bring the sale of property into conformity with the sale of goods under the Trade Descriptions Act. Estate agents would face a maximum £2,000 fine on summary conviction, or an unlimited fine on conviction in a higher court.

Mr Coombs said he did not think the bill was anti-estate agents. "I believe it will assist the estate agency profession to have a better profile," he said.

Under the bill it would be clearly misleading for an estate agent to say a property was adjacent to a quiet road and omit to say that a dual carriageway ran along the other side of it, said Mr Coombs.

Mr Austin Mitchell, Labour MP for Great Grimsby, said the "peculiar lyricism" of estate agents led them to describe a four-lane motorway as a "quiet road" and a covered back passage as a "conservatory".

He added that the bill would fill the gap in legislation providing better protection for house buyers, but it ought to be extended to solicitors who acted as estate agents.

Mr Edward Leigh, consumers affairs minister at the department of trade and industry, raised the possibility of extending the bill's provisions to cover commercial property, builders and solicitors.

The bill gained its second reading without a vote, and will go to committee stage.

NEWS IN BRIEF

Election of union chief to go ahead

THE EXECUTIVE of the MSF general technical union decided yesterday against delaying an election for a general secretary-designate, Michael Smith writes.

The 19:16 vote was held after the discovery of a clause in the 1984 Trades Union Act that might present legal obstacles to plans for general secretaries working alongside their successors for more than six months.

The result of the election will be announced in May. Mr Ken Gill, general secretary, does not intend to step down until August next year.

Bank mortgage cut

THE National Westminster Bank is to cut its mortgage rate to 13.75 per cent from 14.5 per cent after Wednesday's reduction in bank base rates, the bank said last night. The new rate applies from Monday for new borrowers and from April 1 for existing customers.

Barlow tax ruling

INVESTORS IN the funds managed by Barlow Clowes International (BCI) will not face tax liability on the income and capital gains realised by the investment group before it collapsed in 1988, the Inland Revenue ruled yesterday.

The revenue, in its review of the tax position of BCI, decided that only a very small proportion of its investors, estimated to be about 11,000, would be liable to tax after taking account of exemptions from capital gains tax and accrued income scheme charges.

Investor damages

ABOUT £129,000 is to be paid to investors in Vandersteen Associates, a Belgian futures dealer banned by the high court last year from "cold calling" on the telephone prospective investors in the UK.

The funds will be divided among 68 investors within the next 10 days in proportion to their respective outstanding investments with the concern.

Peruvian food curbs

THE GOVERNMENT is to restrict food imports from Peru because of a serious outbreak of cholera in the South American country which has resulted in 20,000 illnesses and 100 deaths.

The department of health said the measure is precautionary and the risk of cholera is small. It said some contaminated foods had already been discovered in the UK by the ports authorities, although it knew of no outbreaks of the disease in the UK.

Mental health bill

A BILL designed to stop miscarriages of justice to mentally vulnerable people and end unnecessary detention in psychiatric hospitals was given a second reading in parliament.

Under present legislation people who are unfit to plead must be detained indefinitely in hospital with no opportunity to determine whether they committed an illegal act or not. A private members bill sponsored by Mr John Greenway, Conservative MP for Ryedale, would require courts to carry out a trial of the facts of a case and to consider a range of orders if the defendant did commit the offence.

Bank privacy urged

BANKS SHOULD not be allowed to pass confidential customer information to their non-banking divisions in order to sell other products, Britain's insurance and investment brokers say.

In a response to the banks' draft code of practice, the British Insurance and Investment Brokers' Association (BIIBA) says they should preserve strict confidentiality in dealing with customers' affairs. BIIBA also says borrowers should not be pressured to buy additional services when taking out a bank or building society loan.

Lloyds Bank increases interest on new loans to staff

By Michael Smith, Labour Correspondent

LLOYDS BANK yesterday announced significant rises in interest rates for new loans to staff in a move which unions fear may be emulated throughout the financial services industry.

Interest rates on the first £50,000 of mortgages will rise from 5 per cent to 8 per cent and rates on borrowings above that will be 3 per cent less than the bank's mortgage rate, against the current 5 per cent.

Existing loans will not be affected. However, a Lloyds Bank employee taking out a £50,000 mortgage will pay £1,350 a year more than under previous arrangements, taking beneficial loans tax into account.

Lloyds' action is the latest in a series of cost-cutting measures by the clearing banks. All have announced plans for significant job cuts, and Barclays last week led the way for what is likely to be a tough pay bargaining stance by pushing through a deal worth slightly more than 7 per cent.

Unions believe that the Lloyds changes may be the first in a series by financial services companies. Personnel decisions by one of the big four clearing banks often set a trend for the others.

Midland and National Westminster banks have mortgage rates similar to those which applied at Lloyds before yesterday. Barclays already charges staff 5 per cent less than the rate for customers.

Bifu, the financial services union, said yesterday that Lloyds' decision had prompted calls by staff for a ballot on industrial action.

Lloyds Group Union said that members were angered by the lack of consultation: the company's decision would affect negotiations for a pay deal starting in April.

After yesterday's changes, annualised percentage rates on new personal loans will rise from 6.9 per cent to 15.3 per cent.

Lloyds told staff the interest rates were being raised because of increases in the costs of funds after the payment of interest on current accounts to customers and higher levels of interest paid on deposits.

The bank has 50,000 UK staff. About 31,000 have home loans with the company and 35,000 personal loans.

BIFU, the financial services union, is to consider balloting 25,000 members at TSB over the banking group's decision to dismiss three employees. The union says that the enforced redundancies breach a job security deal with the company and could set a precedent. TSB said that every effort had been made to place the three. It denied enforced redundancies would breach the spirit of the job security deal.

Neil Buckley and **Andrew Jack** discover fear and dismay at the effects of Wandsworth's record low poll tax setting

Council's voters get the services they paid for

Trevor Humphries

Shona Methven and Bob Nightingale of Wandsworth Fightback: "Pure political gimmickry and nothing to do with the needs of the borough"

SHOCKED community workers in Wandsworth are deeply concerned about how yesterday's poll tax cut might affect services in the borough.

Mr Richard Cowen, co-ordinator of Garfield Community Centre in Battersea, said his reaction was one of horror.

"I feel sorry for the electorate who voted for this council. I think they have been duped. Now they are literally going to get what they paid for."

Mr Cowen said the last year had been "probably the worst time in the centre's history". The centre's budget had been cut by more than 20 per cent and now barely pays the wages of the one full-time and four part-time members of staff.

"We have to fund-raise for everything else," Mr Cowen says. "Precisely because we are successful, the council wants us to be more independent, but it's not easy to find time for fund-raising on top of everything else we do." The grants organisations he was told to approach were concerned mainly with helping new groups, rather than well established ones.

His message was echoed by Mr Bob Nightingale, secretary of Wandsworth Fightback, a coalition of voluntary agencies which is also facing cuts. "It's immoral. It makes me personally very bitter. The borough has abandoned its poor people altogether. It's the Americanisation of Wandsworth."

He continued: "We're not asking for a high level of poll tax but one that funds the services people need. This level is pure political gimmickry and has nothing to do with the needs of the borough."

Mr Nightingale used to work in one of Wandsworth's three law centres. All have now been closed after the council stopped funding them, arguing that the citizens' advice bureaux could absorb their work.

The local CAB is less convinced, however. "We don't have the skills of the law centres, nor the facilities to do the counselling," says a member of staff. "We can't take on all that work."

They have also faced their own cuts. Mr Hugh Lyons, chairman of Wandsworth's citizens' advice bureaux management committee, said the committee had been given £114,000 less than the £600,000 it had asked for. "We will have serious problems providing the level of services which are needed," Mr Lyons said.

"I understand that the council has a mandate from the last local election to set a low poll tax, however I also understand that there is a very considerable amount of suffering, especially among the less privileged.

"Those are the people who inevitably suffer."

The brunt of Wandsworth's cuts this year will fall within the education and social services departments. Two of the borough's three careers centres are shortly to close. Staff argue that the move will make it difficult for the unemployed from the remoter parts of the borough to get advice.

Ms Susan Adcock, the Nalgo local government union negotiator for social services, is sombre and angry. "We've been stripped beyond the bones already," she said. "We will be left with a statutory service with someone to respond to calls, but there's a real fear we won't be able to do preventative work.

"I don't think there's a sound reason for the cuts," she added. "It's just macho politics."

Ms Julia Alterman, deputy headmistress of Southfields school and secretary of the Wandsworth teachers' association, said she was saddened by the cuts but had expected them. "The greatest effect on the schools is the level of change. The cuts have destabilised education and affected every school."

However, Mr Maurice Heaster, chairman of the borough finance committee, which set the poll tax figure of £136, denied that services were being cut. Savings had been achieved not through cuts, he said, but through reorganisation and rationalisation, and because the borough could manage its education service for far less than it used to pay the Inner London Education Service to run it.

"I wish some of the higher-spending councils could offer services as good as ours," Mr Heaster said.

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Two guilty in multiple share case

By David Waller

TWO professional company formation agents have been found guilty of making multiple applications for shares in six privatisation issues.

Mr Gerald Lewin and Mr Michael Holder were convicted at Southwark Crown Court of six counts of obtaining property by deception. Mr Lewin, who took 75 per cent of the profits, was sentenced to four months in jail and was fined £50,000 plus £5,000 costs. Mr Holder was given a three-month sentence suspended for two years. The judge said that Mr Holder's sentence was low because of exceptional personal circumstances.

The two men made 1,600 applications for shares in new issues from Britoil, TSB, British Gas, BA, Rolls-Royce and BAA. They used 498 off-the-shelf companies to make their applications and made a gross profit of £86,499. The court was told that the gross potential profit was £317,058.

They were found out during an audit of applications for Rolls-Royce shares by Touche Ross. The accountancy firm, which is carrying out an audit of applications for electricity privatisation shares, spotted that all the companies were registered at the same address.

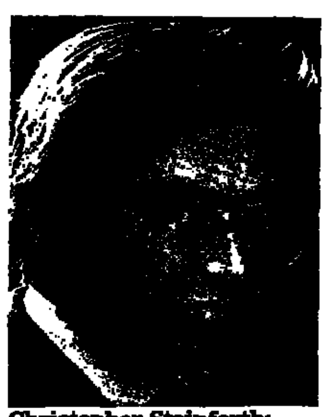
THE BLUE ARROW TRIAL

P&D director cannot recall buying shares after issue

MR Christopher Stainforth, a former Phillips & Drew director, cannot remember buying Blue Arrow shares worth almost £17m the day after the unsuccessful rights issue closed, the Blue Arrow trial heard yesterday.

Mr Stainforth, one of the defendants, now has "no recollection at all" of the transaction, his counsel, Mr Robert Harman QC, told the court.

Court report by John Mason



Christopher Stainforth: "No recollection at all"

However, Mr Kenneth Robertson, underwriting manager for P&D, said Mr Stainforth had asked him to send the application for 10m shares and a cheque for £16.6m to County NatWest.

The request was made before 9am on September 29, the day after the rights issue closed, he told Mr Nicholas Purnell, QC, prosecuting.

"He was very anxious to get the allotment letter to County as soon as possible," Mr Robertson explained.

The prosecution has alleged that P&D bought the 10m shares as part of a conspiracy to rig the market after the failure of the record-breaking £837m rights issue to fund Blue Arrow's takeover of Manpower, the US employment group.

County NatWest, NatWest Investment Bank, UBS Phillips & Drew and seven individuals all deny conspiring to mislead the market about the outcome of the issue.

Earlier, the court was told that evidence given by a registrar from Lloyds bank, receivers for the issue, was an attempt to protect the reputations of both himself and Lloyds.

Mr Roger Casterton, the registrar in charge of the issue, said he agreed to accept an application from County for 54m shares worth £90m a day late, since he assumed they were from institutions that had handed them direct to County before the deadline.

However, Mr Anthony Hooper, QC, for Mr David Reed, a former County director and one of the defendants, said the registrar's London office was only 300 yards from County's headquarters. Institutions could have handed in applications there. "It doesn't make sense," he said. Mr Casterton replied: "At the time, I thought it did."

Mr Hooper said the assumption was an attempt to protect his and Lloyds' reputations and challenged: "You knew perfectly well these were late acceptances." Mr Casterton denied that.

Mr Andrew Holland, a former research analyst for County NatWest Securities, said Mr Nicholas Wells, a former County director and one of the defendants, had told him after the closure that the take-up figure was 50 per cent.

Mr Wells had explained the take-up was lower than expected because of cash restrictions placed on institutions. However, those institutions were expected to buy more shares in the placing. Asked by Mr Purnell if that made sense, Mr Holland replied: "Not really."

Gloom outweighs hope in small companies

By Charles Batchelor

THE NUMBER of small businesses experiencing declining sales and employment exceeded those reporting increases in the last three months of 1990, according to the latest NatWest Quarterly Survey of Small Business in Britain.

Three per cent more businesses reported declining as against rising sales while 6 per cent more businesses recorded a fall in employment levels, the survey showed. This is the first time that declines have exceeded increases since the surveys began in 1985, the bank said.

Expectations for the current quarter are even gloomier, with 17 per cent more businesses expecting a decline in sales and 16 per cent foreseeing a drop in employment levels.

Small companies in the Midlands are particularly gloomy about future prospects, while businesses in the south-east appear twice as likely as companies in most other regions to shed staff.

However, Scotland and Wales seem more confident about weathering the recession and companies in those two regions expecting rises in sales and employment exceed those anticipating declines.

Among the 1,240 companies that responded to the survey, transport businesses and retailers appeared to be facing the severest downturn, while builders, caterers and restaurateurs were also very gloomy.

The issue of high interest rates increased its lead at the top of the table of worries for small businesses, being mentioned by 27 per cent of companies polled.

However, the survey was carried out before the latest interest-rate cuts.

A special question about the awareness and involvement of small businesses in the new Training and Enterprise Councils showed that 65 per cent were not aware of TECs while fewer than 10 per cent were actively involved in their creation.

NatWest
Mortgage Rate

With effect from 4th March 1991 for new borrowers, and from 1st April for existing borrowers, the NatWest Mortgage Rate payable under current Mortgage Deeds and Conditions of Offer will be reduced from 14.5% to 13.75%. This change will be reflected in existing borrowers' repayments from 1st April 1991.

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UK NEWS

Pension funds attacked over failure to vote

By Eric Short, Pensions Correspondent

NEARLY A quarter of pension funds have a policy of never using their shareholders' voting rights in companies in which they have a stake, Mr Clive Gilchrist, chairman of the investment committee of the National Association of Pension Funds, said yesterday.

He said a survey conducted by the NAPF showed that a third of pension schemes voted solely on contentious issues, while only 20 per cent of funds had a policy voting at all times.

Other schemes were unable to state their policy.

Mr Gilchrist told delegates to the NAPF's annual investment conference at Eastbourne that if pension funds wished to gain the respect of the companies in which they held shares, they would have to earn it by exercising their responsibilities as shareholders.

He said evidence from companies cast doubt on whether those funds which had indicated that they did use their votes, did so in practice. He cited one company with 46 pension fund shareholders that had sought a vote over a contentious issue. Many of the funds had indicated their intention to vote, but only six of them had done so.

Mr Gilchrist admitted that companies often gave shareholders very much more than the statutory 14 days between notice of a meeting and the meeting itself. He urged trustees to ensure that the appropriate mechanisms existed within their organisations to allow voting decisions to be taken within the time allocated.

He said the NAPP would urge companies to adopt as good practice provisions giving shareholders at least 21 days' notice of meetings.

City is best operating base, delegates told

By Eric Short

THE CITY'S diverse, innovative and highly developed financial markets give it outstanding attractions as a base for financial businesses operating in Europe and worldwide, Mr Pen Kent, associate director of the Bank of England, said yesterday.

He told the annual investment conference of the National Association of Pension Funds in Eastbourne that the City was unlikely to be overtaken, or even approached, by its competitors so long as practitioners and the authorities sustained their efforts to build on strengths and identify and remedy weaknesses.

The prospects and opportunities in Europe were one of the main themes discussed at the three-day conference, which ended yesterday.

Mr Kent's optimism was shared by Dr Marjorie Mowlam, Labour's spokeswoman on City affairs, who repeated Labour's pledge to reinforce the City as the pre-eminent financial centre in Europe by improving infrastructure and communications.

Mr Kent described the wholesale institutional market as over-regulated. He felt, however, that imminent changes would lighten the regulatory burden.

He referred to the work under the auspices of the City to improve facilities, including the Transport Task Force which had been instrumental in providing an east-west railway system through the City.

Dr Mowlam said earlier that those initiatives should have been undertaken by government. They would, she said, have been well in hand by now if the Department of Trade and Industry had shown enterprise.

Mr David Calcutt, chairman of the Takeover Panel, expressed his misgivings about the EC draft directive on takeovers.

Although the directive was modelled on the UK takeover panel system, the necessary statutory backing would result in the panel's losing its key benefits of flexibility and speed of action.

The panel approved of the government's support for the self-regulatory system of controlling takeovers.

Oil rig death inquiry finishes taking evidence

THE Ocean Odyssey fatal accident inquiry, the longest-running and most expensive such inquiry in Scottish legal history, finished taking evidence yesterday.

Sheriff Principal Ronald Ireland adjourned proceedings at Aberdeen until May 7, when legal submissions will be heard.

The inquiry into the death of rig radio operator Timothy Williams, 25, of Greenhithe, Kent, has sat for 125 days. Mr Williams died after gas explosions and fires on the oil rig in the North Sea when a high pressure well went out of control on September 22 1988. There were 66 survivors.

The inquiry started on May 21 last year and is estimated to have cost about £5m to date. It has heard evidence from 97 witnesses. Legal fees are so far estimated at about £2m and there are more than 4m words of evidence.

There have been four QCs, five advocates and a battery of lawyers and solicitors representing 10 parties, including the Crown.

Forecasters see growing gloom for economy

By Rachel Johnson, Economics Staff

ECONOMISTS are increasingly pessimistic about the UK's economic performance this year, according to the Treasury's last monthly survey of economic forecasts before the Budget.

The independent forecasters have revised their average estimate for gross domestic product sharply downwards. They now expect it to drop by 0.6 per cent this year. In January their forecast for GDP was a drop of 0.1 per cent

That forecast is culled from the published material of 14 banks and securities houses and 12 academic and official bodies.

In its last forecast, published in the Autumn Statement, the Treasury said GDP growth this year would be 0.5 per cent – a sharp contrast to the widespread expectations of negative growth this year.

The independent forecasters expect a deepening recession this year to help squeeze inflation down to 4.6 per cent by the end of the year, undercutting the Treasury's forecast of a 5.5 per cent rate.

The fall in inflation is aided in that the oil price has held at $21 a barrel this year. It will also precipitate a rise in unemployment to 2.31m by the end of this year, forecasters judge. In January, seasonally adjusted unemployment reached 1.9m.

Meanwhile, government finances are expected to swing into a deficit of £6.1bn this year as lower tax receipts and higher welfare spending in the recession force the government to borrow.

● The Bank of England announced yesterday that the rate of growth in the narrow measure of money, M0 – consisting almost entirely of notes and coins in circulation – rose by a stronger-than-expected 3.8 per cent in the year to January.

That estimate is not viewed as evidence that demand pressures are on the rise. Bank lending in the recession was a seasonally adjusted £3.1bn in January, against a monthly average rise of £5bn in the previous six months.

Motorbike messengers hit a bumpy patch

Alan Harper

Business at a standstill: fewer orders and bad debts have led to mergers and takeovers

The recession is forcing couriers off the road, Alice Rawsthorn writes

THE motorcycle messenger industry, with its powerful motorbikes and black-leather-clad couriers, is suffering severely in the recession.

As the downturn deepens, companies are cutting costs by sending letters and parcels by post or rail instead of by motorbike. That, combined with bad debts, has put some courier companies out of business and has catalysed a series of mergers and takeovers in the motorcycle messenger industry.

The motorcycle stands in Soho and the City are unusually full, as dozens of leathered motorcycle messengers hang out by their bikes waiting for work. The 250 courier companies in central London are fighting for business.

One courier company which used to handle more than 1,000 runs a day is down to 500. Some companies have slashed prices in an attempt to drum up new accounts.

Many of the companies are burdened by bad debts. Mr Tony Fry, marketing manager of Superspeed, observes: "Whenever a company stops paying its bills, couriers and cleaners are always the first to suffer."

Demand for couriers from finance houses in the City has been sluggish for the past year. The West End market has weakened since the summer as advertising agencies and media companies, traditionally important sources of work for the courier companies, have been affected by the recession.

At the same time, motorcycle messengers are facing new competition from the mini-cab companies and bicycle couriers, which are also suffering and are trying to compensate by diversifying into the motorcycle market.

Some motorcycle couriers have gone out of business; others are struggling to stay afloat. "The word in the trade is that a lot of people are in trouble," says Mr Jeffrey Ritterband, a director of West One.

The recession has already led to mergers and amalgamations. West One recently took over Professional Couriers; a year ago, On Yer Bike was bought by a consortium led by the Fitzharding Group, a company run by two former management consultants with Bain Consulting.

On Yer Bike is now in the final stages of negotiations to acquire other courier companies. Mr Paul Stoney, managing director, is convinced that the market is "ripe for consolidation".

Mr Stoney hopes that the recession will prompt some of the entrepreneurial bikers who set up their own businesses in the early 1980s to sell out.

The messengers themselves are suffering. Most of the 2,500 riders working in central London are freelance, paid according to the number of runs they do. There are fewer jobs and the lucrative long runs, such as £100 deliveries to Birmingham, have dried up almost completely.

Tony, who works for a courier company in the City, estimates that most messengers' pay has fallen by a third, from around £400 a week to little more than £250. Some, he said, were earning half as much as they were a year ago.

Messengers have high overheads as freelance riders buy and service their own bikes. Bert, who has been a motorcycle messenger since leaving university three years ago, said he spent about £30 a week on repairs and that the London streets were so dilapidated that he needed new tyres – £50 each – every 10 weeks.

Riders also risk having to take time off work because of accidents. Andy, who has been riding for five years, has come off his bike twice just in the past three months. The first time, he said, was when "a taxi hit my bike in the back", and the second when "a car ran into me when I was at a standstill".

Some messengers are wondering whether their slimmer pay packets are worth the life of punctures and accidents.

Damien, who gave up a career as a teacher to whizz around the West End, says: "I hated teaching and swore I'd never go back. But even a classroom full of screaming kids cannot be worse than struggling along on £250 a week in the freezing cold."

Waldegrave defends health service stance

By Emma Tucker

MR William Waldegrave, the health minister, said yesterday that he had not "gone soft" and was not giving the health service an open invitation to do and to spend what it liked.

His remarks come in the wake of recent snipings from right-wing Conservative MPs at those perceived as prominent "wets", among whom Mr Waldegrave is numbered.

The main criticism directed at him from that quarter concerns his refusal to accept the demand to extend tax relief to all patients who take out private health insurance.

His critics are also concerned at what they see as his readiness to abandon so-called Thatcherite principles.

Speaking to the Bristol Institute of Directors yesterday, Mr Waldegrave said that the NHS had a lot to learn from private-sector business on management techniques and public relations.

"But it does not help in the least to pretend that the NHS is comparable in any other way to a privately run company," he said.

"I have said on a number of occasions now that the NHS is not a business, and business language – the language of profit and loss and dividend – is inappropriate to the NHS", Mr Waldegrave added.

Cheap asset threatens rude shock

Richard Evans looks at the factors driving the cost of water higher

WATER BILLS landing on doormats throughout England and Wales later this month will be, on average, more than 15 per cent higher than last year – and that is just the start. Charges are due to rise by at least 50 per cent in real terms over the next decade, and it might be much more.

Water will no longer be a cheap commodity to be taken for granted, but all the signs are that people have yet to come to terms with the change. Some rude shocks lie ahead.

The steepness of the 1991-92 increases are likely to reopen some of the bitter arguments of last year's privatisation, when supporters said private-sector companies would become more efficient and raise the capital necessary for investment, while opponents warned that consumers' money would be channelled into profits, dividends and directors' salaries.

Most charges are due to go up by the maximum amount fixed in a complex formula in the run-up to flotation. Each of the 10 privatised companies – and the 29 statutory water companies, which supply water to a quarter of the population – was given a so-called K factor, up to which it could increase charges each year for the next 10 years.

K is a figure above the rate of inflation which takes account of the need to finance a £28bn investment programme to achieve European Community quality standards by the turn of the century.

All the companies have to remain within their K figure, which is monitored by Mr Ian Byatt, director general of the Office of Water Services (Ofwat), the industry's economic regulator.

WATER CHARGE INCREASES

Water company	1991-92 % rise	10-year average K*
Anglian	15.2	5.50
Northumbrian	16.7	5.00
North West	14.7	5.00
Severn Trent	15.2	3.75
Southern	14.7	2.75
South West	16.2	5.75
Thames	14.2	4.50
Welsh	16.2	6.00
Wessex	14.2	4.50
Yorkshire	13.0	3.00

*K is the amount above the RPI that charges can increase per annum

Eight of the 10 have sought the maximum permissible increase or a figure very close to it. The exceptions are Southern Water, whose 14.7 per cent increase, half a percentage point below its maximum, is due to the enforced delay of a marine treatment programme, and Yorkshire, which has based its increase of 12.98 per cent, the lowest and 0.6 per cent below its maximum, on a judgment of medium-term financial prospects and "a proper balance between the interests of customers and shareholders".

The increases are particularly high this year because they are based on last November's retail price index, when inflation was running at an annual 9.7 per cent. After next month's rises, the "average household" of four people in a semi-detached house now paying approximately £120 a year will be paying £136.80.

Mr John Bellak, chairman of Severn Trent and chairman of the Water Services Association, says: "Water and sewerage services are excellent value for money. The charges are needed to pay for investment taking place at a rate of more than £250,000 every hour, every day, for the next 10 years."

Mr Nicholas Hood, chairman of Wessex, believes that charges would probably have had to be about £8 a household higher had privatisation not taken place, because of chronic underinvestment in the industry over decades.

Additional difficulties lie ahead, however. Under the terms agreed at privatisation, any expenditure that could not then be quantified – for example, the cost of implementing future EC directives – can qualify to be passed on in extra charges above the K figure.

That provision, called cost pass through, lies behind the warnings that water bills are set to rise by at least 50 per cent above the rate of inflation.

A large additional cost will be implementing the EC's waste water directive, aimed at cleaning up rivers, estuaries and beaches.

That is due to be approved within the next few weeks, and its main proposal of banning the dumping of sewage sludge at sea will cost the UK industry around £7bn.

Some companies, such as South West, North West and Northumbrian, which either dispose of a high proportion of sludge at sea or which need to upgrade their sea outfalls, will incur much heavier additional costs than Severn Trent, which has no coastline.

It is not yet clear what attitude Mr Byatt and his colleagues will take to demands for higher charges to meet extra costs. His approach will begin to be known from October, when companies can approach Ofwat to put their case.

Mr Byatt is clearly worried at the effect that the relentless rise in the cost of water might have on the consumer. He hinted recently that assumptions made during the initial drawing up of K factors on the cost of capital and dividend yields may have been too generous, and that companies might not get automatic increases to pay the cost of meeting new environmental legislation.

The scene might therefore be set later in the year for a number of skirmishes between the companies and the regulator over whether valid additional costs should be passed on automatically to the customer, or absorbed in part by the company.

Whatever the outcome, water will no longer be cheap.

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Weekend March 2/March 3 1991

Light shines into the gloom

THE VICTORY achieved by coalition forces is an extraordinary military achievement. It is also a political achievement, owed largely to President George Bush. Nonetheless, John Major has a share in the credit. As an economic event, however, the conclusion to the war is of modest importance. What will matter more to the government are the opportunities that are opening up for the domestic economy.

Where Saddam Hussein's invasion had its most important economic effect was in the surge in oil prices, now almost entirely reversed. From the first day it appeared that the effects would be nothing like as great as in the two previous oil shocks. Even so, the increase in the spot oil price, from some $16 a barrel in early July to the peak of $42 in early October, had an important negative impact on world economic activity. Since then, however, the price has fallen, most strikingly in the decline of $11 on the first day of the conflict.

Yet the coalition's successful campaign may be of substantial and long-lasting importance to the world oil market. It is difficult to imagine Saudi Arabia and the other Gulf states – including Kuwait – pursuing a pricing policy frowned upon by the US, at least in the next few years. The US will want steady prices. But it may also want prices that are not far below their present level, certainly so long as President Bush – with his attachment to the interests of the US oil industry – remains in power. As Kuwait and ultimately Iraq return to the world market, achieving price stability at present levels will not be easy. But such price stability would certainly be something that the world can live with.

Since the war turned out to be blessedly short, its costs were modest. The economic impact of those costs depends on the speed with which lost aircraft and expended ammunition are replaced. Financially, however, it appears that offset payments to the UK may match or even exceed the cost. The same may also turn out to be true for the US.

Kuwait's costs

It is in Iraq and Kuwait that the resource costs of the war have been large. $100bn has been mentioned as the cost of reconstruction in Kuwait alone. This expenditure will provide a welcome boost to world economic activity. But only a small part of it will come in the near future. That is bound to be still more true for Iraq, where reconstruction is likely to be delayed for a long time, particularly if Saddam Hussein manages to cling to power.

For the UK economy, in short, what matters far more than the outcome of the war are the forces that have been working in the world economy as a whole. At present these forces are working in the government's favour, since they point in the direction of further cuts in the rate of interest. Base rates are now two percentage points below their peak and have fallen by one percentage point in February. It is no longer difficult to imagine interest rates down to 11 per cent or so by the summer.

Favourable sign

For the government, the most favourable sign has been the almost non-existent reaction of the foreign exchange market to the last two base rate cuts. Particularly helpful have been the weakening of the D-Mark against the dollar, the German government's volte face on the need for tax increases, the growing credibility of sterling's position within the exchange rate mechanism and the decline in domestic inflationary pressures. Even wage settlements seem to be responding, if too little and too late to prevent large increases in unemployment.

The growing likelihood that German interest rates have peaked is not the least of these favourable developments. The pressure upon the Bundesbank not to tighten further is considerable. The German government's turnabout on its fiscal policy will help.

Also favourable, is the likely course of the US dollar and US interest rates. Against the D-Mark (and the pound) the dollar is back to where it was in early January. The Federal Reserve is likely to take this as an opportunity to lower US interest rates still further. If US interest rates were to fall and the dollar were not to strengthen further, there would be further good reasons not to increase, and quite possibly to lower, German interest rates. For the UK economy, the opportunity created by lower interest rates in Germany outweighs the damage that is likely to be done by persistent weakness of the dollar.

John Major has a well-earned share in a triumph that is likely to have little further economic consequence. But as he turns his attention back home, he will like at least some of what he sees. Economic developments both at home and abroad are giving the government a real, if limited, degree of manoeuvre, above all over interest rates. If so, the voices calling for the election to come earlier rather than later must grow louder.

Roger Matthews, Middle East Editor, says the world must learn the lessons of history if it is to secure regional stability

Dove of peace among the ruins

For most of the past 40 years the Middle East has been a graveyard for Arab optimists. For the past seven months President Saddam Hussein of Iraq has again shown why. But, as Arabs like to emphasise, Europe's experience was far worse in the previous 40 years, which include the military career of President George Bush.

During that period Europe was scarred by invasions, appalling wars, shocking loss of life, dictators whose ambitions made those of Mr Saddam look modest, genocide on a scale that is still difficult to grasp, and a destructiveness which makes today's rebuilding of Kuwait appear a pre-breakfast task.

In the wake of that chaos came the state of Israel, the post-colonial Arab world, the modern map of the Middle East and a new Europe, prosperous, more united than ever before, but prepared to make only a highly qualified commitment to resolving the problems of the Middle East which in part grew out of its own disasters.

It is tempting to hope that the Middle East might follow Europe's example. Great disasters, such as the ones which have befallen the peoples of the Gulf region in the past decade, might, like those of Europe, pave the way for a fresh determination to find a better way forward, built on a resolution of the region's most fundamental problems. There could – just – be an opportunity now.

Mr Saddam's ambitions were crude, personal and, it can be argued, unrelated to the longer-standing problems of the Middle East. But they are only irrelevant to those people outside the Middle East. Within the region, as Mr Saddam showed, even a monstrous figure such as himself can garner popular support by emphasising particular issues.

Those issues are the threads which have run through Middle East politics since the end of the Second World War and which have been promoted, orchestrated and frequently manipulated by a succession of Arab and Moslem leaders. The residual memories of colonialism should never be underestimated as a political force. In parts of Asia today they remain as powerful a political tool as they are in the Middle East. But in the case of the Arab world they were given tangible expression in a most emphatic way by the creation of Israel and the denial of self-determination for the Palestinians.

President Gamal Abdul Nasser of Egypt articulated Arab frustrations more powerfully than those who have subsequently sought to assume his mantle. His seizure of the Suez Canal in 1956 fired nationalist and pan-Arab ambitions, but his defeat at the hands of Israel in the 1967 Six-Day war left a bitterness and sense of failure that nothing that came after has totally expunged. President Anwar Sadat tried and partially succeeded in the 1973 war by crossing the Canal and retaking a small slice of Sinai, a military action which was to pave the way for his visit to Jerusalem in 1977 and subsequent peace treaty with Israel.

President Sadat's unilateral Nobel Peace Prize-winning initiative, lauded in the west but despised in much of the Arab world outside Egypt, opened the door for Mr Saddam by seeming to shut the door on the Palestinians. The Camp David agreements, signed by Egypt, Israel and the US, provided for Egypt to regain its sovereignty over the Sinai, but no progress was made on the other issue covered, that of Palestinian rights on the occupied West Bank and Gaza strip.

President Saddam, even then among the most extreme Arab leaders and ever ready to accuse Libya's Colonel Gaddafi of moderation, stepped into the vacuum left by President Sadat's abdication of Arab leadership to stake his own claim. But in that he faced a new challenge mounted by militant Islam in the form of neighbouring Iran and the new clerical leadership of Ayatollah Khomeini.

The two regimes have shamelessly swapped political clothes. The ayatollahs of Iran donned Arab dress, purportedly to free Palestine from the Jews, while latterly the secular President Saddam became more devout than the clerics in Tehran, also purportedly to free Palestine from the Jews. They, of course, did nothing to assist the Palestinian guerrilla forces when relentlessly attacked by Israel in its 1982 invasion of Lebanon.

Instead, they fought each other for eight years until Iran was exhausted. Now President Saddam has fought for six weeks and achieved a far more spectacular national defeat. Mr Yassir Arafat and the Palestine Liberation Organisation, which first embraced Khomeini and then switched to Mr Saddam, are left stranded, impotent, and even further from home.

In one sense it is even worse than that. Arab aspirations have for the past 20 years been sustained by oil and by the Soviet Union. Both now matter less. Not only has the industrialised world learned to limit the growth of demand for oil since the price shocks of the early and late 1970s, but the US also now has an actual physical and longer-term political grip on the main sources of supply.

At least half the total pre-war output from the Organisation of Petroleum Exporting Countries came from sources now under a greater or lesser degree of American influence. Of those countries Saudi Arabia and Iraq have by far the highest level of proven reserves.

Simultaneously the political evolution under way in the Soviet Union has helped to transform its Middle East policies to the extent that it could countenance a full-scale military attack by the US and its allies on Iraq, a country with which it has a treaty of friendship and co-operation, from which it was latterly earning some $2bn in year in hard currency and with which its own military had close relations.

As important, for the first time in many years the Soviet Union will not resupply an ally which has lost a great deal of military equipment in battle. The example of Iraq will weigh heavily on the thinking of that arch pragmatist President Hafez al-Assad of Syria who commands the last sizeable Arab army opposed to Israel. By sending his troops to fight alongside the allies in Kuwait, President Assad was not just expressing his loathing of President Saddam but also seeking an American-endorsed insurance policy against what he fears could be an Israeli attack on Syria.

One of the greatest dangers the US now runs is to believe that there is a political settlement possible which in terms of efficiency approaches the *military* settlement the coalition forces have just imposed

President Assad's action demonstrates the depth to which Mr Saddam has now buried, along with tens of thousands of his own people, the already largely discredited notion that there could ever be an Arab military solution to the presence of Israel in the Middle East or to the plight of the Palestinians. Instead it confirms the trend, set in train by President Sadat, for Arab acceptance of Israel's right to exist in peace behind its pre-1967 borders as expressed in United Nations Resolution 242.

How much further Arab leaders may be willing to go along that path will depend largely on how President Bush chooses to exercise the overwhelming political dominance the US now has in the region. The six Gulf Arab states are even more deeply in America's moral debt and Iran, seeking to restore its economy and capitalise further on Iraq's demise, is unlikely to risk more than verbal warnings to the nation it knows best as "The Great Satan".

More moderate Iranians, along with a broad swathe of other Middle East opinion, will however have been deeply concerned by reports from Washington that the US can foresee having a military presence in southern Iraq for at least a year. Few prognostications could be of greater succour to the Iraqi leader and to his fellow extremists in the region for whom conspiracy theories based on past colonial experience are the very bread of political life.

One of the greatest dangers Washington now runs is to believe that there is a regional political settlement possible which in terms of efficiency approaches the military settlement the coalition forces have just imposed. Equally, it must be constantly aware of the temptation, all too well appreciated in Europe, of equating a people with the actions of its leadership. By remaining militarily in Iraq until it is satisfied with that country's political arrangements, the US risks giving Mr Saddam and his closest allies the one rallying cry which could be used to delay their departure.

However the relationship which matters most in the months ahead is the one between the US and Israel. President Bush and the allied forces have reason to be grateful to the government of Israel for refusing Mr Saddam's bait and not retaliating against Iraq's Scud missile attacks. It was the first time Israel has not taken action, especially against such gross provocation, and thus a milestone in the region's politics.

Israel crossed another important threshold by allowing American forces onto its territory with Patriot missiles. For a country long determined to take sole responsibility for the conduct of its own defence, it was an important concession which also served to underline that the acquisition or holding of territory does not necessarily help to erect adequate defences against missile attacks.

Taken together with Israel's previous agreement under the Camp David accords to exchange territory for peace, there do not seem at first glance to be many important issues of principle left blocking the way to a more comprehensive settlement which would include the Palestinians. Given that Israel's current prime minister, Mr Yitzhak Shamir, opposed Camp David when it was signed, such a settlement may well still be impossible to reach. But there is enough evidence, from the Arab side at least, to suggest that in the wake of the Gulf war it is again worth pursuing more actively.

Israel's primary concern has always been security. Given the huge international effort made to restore the sovereignty of Kuwait, it should not be beyond the capabilities of the world community and especially President Bush to devise a security formula that Israel would find difficult to reject.

It is true that, pertinent as they may seem now, these arguments have been advanced at various times in the past 20 years to support the idea of a "Middle East peace process". It is also true that Israel has shifted to the political right in the past two decades. The result may be that there is no formula, no international guarantee, that the present hard-line Israeli government would be willing to accept if it meant as a consequence self-determination for the Palestinians and an end to Israel's occupation of the West Bank and Gaza.

If Mr Bush and the European Community are willing to live with such a rejection then it seems probable that the political frustrations on which Mr Saddam sought to capitalise will persist. Israeli society will be further afflicted by the costs of repressing the three-year Palestinian revolt, while overall Arab economic development will slip further behind that of other countries as its leaders devote their main efforts to political survival.

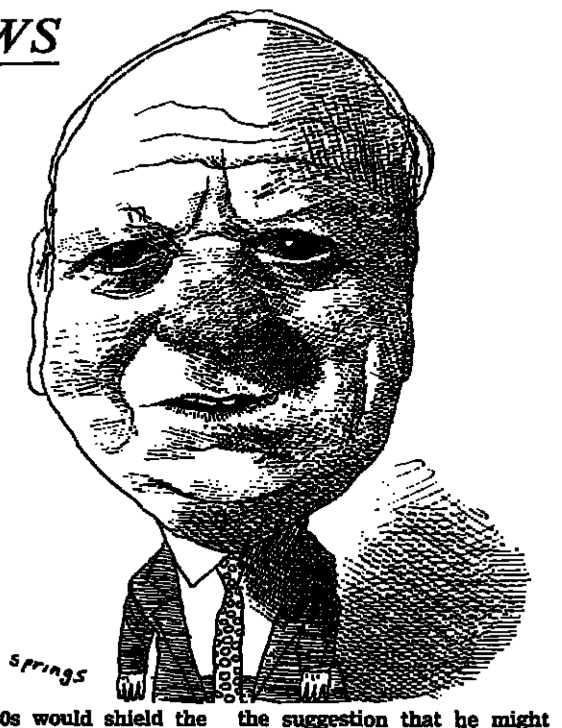
Of course, helping to find a way forward for the Palestinians will not solve the other problems of the Arab nations and the Middle East. But it would signally help to offset the despair that will blanket parts of the region in the aftermath of the Gulf war. Europeans and the US remember the colossal efforts that went into rehabilitating the victims and economies of the dictatorships which launched the Second World War. If the world is to avoid another generation of Saddam Husseins, it needs to apply more enthusiastically the lessons it has learned from the past 40 years.

MAN IN THE NEWS

Sir Denys Henderson

Cultural heir with his own blueprint

By Clive Cookson



It is hard to imagine two men more dissimilar than the flamboyant, shambling Sir John Harvey-Jones and the sober-tied, close-cropped Sir Denys Henderson. Yet Sir Denys, who this week confirmed that he will stay on as chairman of ICI until 1995 and announced a big restructuring programme for the company, now seems set to stamp his mark on the largest UK manufacturer in the 1990s as firmly as did his predecessor in the 1980s.

Indeed, after four years in the chairman's job, Sir Denys, with his soft, rounded Aberdonian accent and face to match, now evidently sees himself as the cultural heir to Sir John. "The hair may be shorter and the tie may look better," he smiles, "but I don't believe that the style has changed."

What is more, his task is in some ways remarkably similar to the one Sir John faced when he started – to bring ICI back from a recession that has hit the chemical industry hard. On Thursday Sir Denys had to report a 36 per cent fall in pre-tax profits, though he managed to avoid the dividend cut that so devastated City opinion 10 years ago.

The shake-up he announced at the same time, he says, is a "once in a decade" restructuring: "An organisation is a hardy plant but one shouldn't pick it up by the roots too often."

The significance of Sir Denys's plans was rather lost in yesterday's newspapers, mainly because he talked about them only in the most general terms. Nevertheless, it is clear that ICI is again on the brink of substantial changes. In his time Sir John made the group far more international by halving the UK workforce, expanding rapidly overseas and shifting its balance from bulk chemicals to more specialised, higher added-value products.

The essence of Sir Denys's strategy, by contrast, is to be more selective about which parts of ICI receive support. Resources will be concentrated on "businesses with strong, global positions now or in the future". They must be able to compete profitably in "the key world markets of Europe, North America and the Asia-Pacific region". Businesses without this potential will either be kept on as cash generators without significant new investment, or sold off.

Sir Denys and his senior colleagues have decided which businesses they want to keep and encourage, and which are candidates for sale or closure. But "for commercial reasons" he refuses to reveal their identities, apart from restating ICI's "irrevocable" decision to get out of fertiliser manufacturing and holding up ICI Seeds as a example of a growth area to be nurtured.

The review of ICI's entire operations, which led to the new strategy, was carried out during an intensive two-month period last autumn, after the group had felt the first impact of the economic downturn and the effects of the Gulf crisis. As Sir Denys now admits, he had been over-optimistic about the extent to which the reshaping of the 1980s would shield the company from another recession and oil price shock.

Even so, he denies – a touch defensively – that the new plans are hasty window-dressing for a round of cuts and closures. Observers say that the ICI workforce may fall by 10 per cent – 13,000 people – over the next two or three years, but Sir Denys refuses to give any estimate of the likely overall job losses.

The accompanying management reorganisation will give ICI a simpler shape, with seven international business groupings each headed by a chief executive. These now have a clearly pre-eminent position over the traditional ICI "territories" – national companies and regional organisations. "There is far too much debate in ICI between territories and businesses and far too much duplication of resources and effort between them," Sir Denys comments.

He insists that the changes do not represent a shift in the overall direction established by Sir John. And he shudders at the suggestion that he might want to give ICI a "culture shock" like that of the early 1980s. "There was a need for a culture shock then. John administered it and we've all followed it up. I don't go think we need the same again."

The longer Sir Denys sits in the chair at ICI, the more confident he becomes in his public performances. When Sir John handed over to Sir Denys in 1987, there was a great contrast between the media star and the grey administrator – and the change delighted some ICI staff who thought Sir John had had excessive media exposure. That particular contrast is now beginning to fade.

When Sir Denys was installed as chairman, he invited in several of his predecessors to give him advice. "There were two comments I particularly remember," he says. "One said 'Relish the job', and most of the time I do. The other piece of advice was 'Pace yourself' – and that has proved infinitely more difficult."

He recalls Sir John's comment on retiring as chairman that "it's really a job for one and a half people". The demands have increased since then, Sir Denys says. "The environmental pressures and City pressures have grown, and there's even more need to keep in touch with all the international businesses."

Even so, he does not take that argument to its logical conclusion – as Sir John has since leaving the chairmanship – and accept that the top job at ICI should be split in two. As Sir Denys remarks wryly, Sir John did not suggest that the company should have a separate chairman and chief executive while he was still in the post.

But Sir Denys does indicate that during the second half of his eight-year tenure, he plans to step back and become more of a traditional chairman. After a year or so, he plans to hand over the chair of the new senior management body, the Performance and Policy Committee, which is being created as part of the reorganisation. The PPC, comprising the nine ICI executive directors and the chief executives of the seven businesses, will meet quarterly to review performance and discuss group policy.

"I want to chair the PPC myself for a year to see how it goes," he says. "Then perhaps I'll hand it over to one of my colleagues on the executive team."

Sir Denys says the timing of ICI's restructuring may have been affected by the current crisis, but he insists that the business was ready for review, almost a decade after the changes inspired by Sir John.

What shape he wants to stamp on the business – and whether what he is undertaking is a hasty reaction to a cyclical downturn or something more fundamental – may not be clear for quite some time. After all, the true nature of Sir John's restructuring was not fully evident until after he left the company. While Sir Denys is unlikely to follow in his predecessor's TV footsteps, he is obviously out to make a lasting mark in other ways.

DONATIONS TO THE GULF TRUST

The Secretary of State for Defence has set up the "Gulf Trust" to *which members of the public may subscribe. Donations to this fund will be passed to the charitable Services Benevolent Funds (King George's Fund for Sailors, The Army Benevolent Fund and the RAF Benevolent Fund) and they will use the money to meet the needs of those Service personnel and dependants who have suffered as a result of the hostilities in the Gulf. If you would like to contribute to the Gulf Trust you can do so by filling in the coupon and attaching a cheque or Postal Order.*

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Philosopher in the Tory engine room

Ivo Dawnay on the uphill task facing the Conservative chairman in overhauling Central Office

Nothing could more vividly confirm Mrs Margaret Thatcher's belated discovery that Mr John Major may not be "one of us" than her successor's choice as incumbent at Conservative Central Office.

For the outgoing prime minister, Mr Chris Patten was too obviously talented to exclude from the cabinet, but too liberal for admission to the charmed circle of truly intimate insiders.

As party chairman, he has now expanded his roles as speech writer, master of the manifesto and tone-setter-in-chief to take on the engine room of the party for the coming general election. His success or failure in remodelling the machine could decide the Tories' fate. Some MPs argue that an overhaul is due.

Despite last year's costly refurbishment in corporate pastels, the red-brick corner house in Smith Square retains a stubbornly immutable atmosphere of no-nonsense conviction politics, secretarial gossip and strong tea.

Set alongside the more endearing chaos of Labour's Walworth Road headquarters, the place is reputed to be a veritable cruise missile of acutely targeted political weaponry. Yet, as an institution, it has never commanded much affection.

In part, this is because Central Office has a monstrously difficult role as master, servant and intermediary for everyone from MPs, Downing Street, fiercely independent constituency associations, local authorities, Young Tories, Tory Women and even Conservatives Abroad. As such, it must co-ordinate and service the party, initiate and disseminate policy, supervise campaigning and nurture the media. Inevitably, it is often caught between the leadership and the grassroots – and despised by both.

One former deputy chairman observed: "Central Office tends to run for 95 per cent of its time at 25mph, but then must accelerate to 100mph for elections." To Mr Patten, it is one of the most efficient political machines in Europe. But one mid-ranking minister recently remarked: "Central Office is unreformable."

The new chairman is nonetheless determined to ensure that his arrival means more than a mere change of slogans on the new "persuasion, not assertion" banner.

Under Mr Kenneth Baker, the outgoing chairman, the party headquarters became a propaganda command centre with "KB", as he was known universally to staff, poring over expensively commissioned opinion polls and tapes of his near-nightly TV appearances.

The research department, taken into Smith Square from Old Queen Street in 1980, had fallen if not from grace, then from favour. As Mrs Thatcher drew deeper into her bunker, she turned more and more for her intellectual stimulation to her own policy unit or the Centre for Policy Studies.

Credit for the historic 1987 third-term victory, masterminded under Mr Norman Tebbit's chairmanship, was spoiled by the now infamous "wobbly Thursday" when the PM called in Mr (now Sir) Tim Bell, the former Saatchi director, to redirect the campaign.

Hands on the party machine: from left, mastermind Norman Tebbit, outgoing Kenneth Baker and pin-up Chris Patten

As an ex-director of the research department, stalwart of the Tory Reform Group, Roman Catholic and acknowledged pin-up of the party's articulate left, Mr Patten is known more as a philosopher than a campaigner.

Early evidence of this came last month when he gave an extensive interview on his vision of 1990s Toryism in Marxism Today. "KB would never have done that, he would not have seen any votes in it," one young official commented.

That interview, it was noted, was full of praise for the German Christian Democratic Union, its allied think-tank, the Konrad Adenauer Stiftung, and the so-called "social market" – a concept equally at home on Labour lips these days. Its sentiments drew an admiring leader from the Guardian.

Mr Patten insists that Mr Baker demonstrated great ability at a traumatic time for the party. But he adds: "My strong hunch is that the electorate is going to be pretty serious about the choices at the next election. It won't be enough to drag a comet's tail of TV cameras around the country. It is much more likely to be an election about arguments, not photo-opportunities."

But if a marked change of style is an integral part of the new Toryism, it is still a matter of debate whether there are chinks of daylight between Pattenite "social marketeers" and the "dry on the economy, wet on social issues" pragmatism of the Majorettes.

So far, few real clues have emerged from the few staff changes made at Central Office. To date, these have seemed less ideological than managerial.

In a move widely considered inspired, Mr John Cope, a chartered accountant, deputy chief whip and former Northern Ireland minister, has been appointed as the party's first full-time deputy chairman, to act as chief executive.

It will fall to this "round peg in a round hole" to shore up an overdraft estimated at well over £6m, while still keeping Mr Baker's opinion polls flowing – an argument, one cynic suggested, for an early, fund-raising election.

Another recent arrival suggests that the Tories certainly have no plans to abandon attention to sharp presentation. Mr Shaun Woodward, the party's new communications chief, combines a double first, a meteoric BBC career and a marriage to the daughter of the millionaire MP and trade minister, Mr Tim Sainsbury.

His 32 years, the chairman revealingly points out, packs in "a lot more experience than Peter Mandelson did" when he took over as the Labour's party's communications director – evidence, perhaps, that the media are not being entirely ignored in favour of the new message.

Other hirings have added a few grey hairs to Mr Andrew Lansley's youthful research department. Mr Martin Graham is an old Lansley colleague from the Association of British Chambers of Commerce, while Dr Elizabeth Cottrell is a one-time special adviser to Mr David Mellor, the chief secretary and an artful dodger of left-right definition.

Mr Patten would like eventually to shift the department's emphasis back from an advisory role to a loftier, more autonomous policy think-tank – possibly combined with the CPS. But this has already provoked murmurings from a suspicious Tory right that he is empire-building.

Right now, however, the department's task is the more mundane, if crucial, business of writing an election-winning manifesto.

In the meantime, it is the wording of the new chairman's speeches that are being subjected to minute textual analysis. His recent suggestion that *standards in public services* such as health and education should be raised to a level that leaves private sector alternatives all but unnecessary "went down like a lead balloon" with the enemies of public spending and state sector monopolies.

One understandably anonymous member of a rival power centre conceded that Mr Patten was "personally engaging", then added: "But there is also a mood of wary watchfulness."

The recent behind-the-scenes attacks on Mr William Waldegrave, the health secretary, for what the right sees as a less than rigorous commitment to market-based reforms have also been noted. "Waldegrave is the equivalent of a miner's canary," one right-winger claimed this week. "It he turns up his toes, Patten will know not to go down the mine."

Publicly, at least, Mr Patten has so far stuck largely to tactics. "It would be a mistake to fight for leadership on our record and a few slogans," he says. "There isn't a clear Labour agenda nor is there likely to be one. Labour claims Major is son of Thatcher – they don't realise how much has changed."

The Tory infantry, however, will hear that Labour is no longer to be castigated as "barking mad". Mr Patten prefers to argue the "implausibility" of Labour's basic claim that "they can somehow run a market economy better than we can".

With recession raging, Labour's case is less implausible than it once was, however. Critics of the chairman's strategy question whether it will be easy to persuade the more Thatcherite constituencies that a battle for minds not hearts can easily be sold alongside the *home-bottled jams*.

Market peculiarities are making it hard to match pub buyers and sellers, writes Philip Rawstorne

Bitter taste for publicans

Doug Christie surveyed the Victorian pub in London's Hatton Garden that he had just bought from Bass, the UK's biggest brewer, and reflected: "It's not all wine and roses being a pub-owner."

Or even beer and skittles, Britain's national brewers might add as they contemplate the problems of selling or leasing nearly 11,000 of their tenanted pubs by November next year to comply with government orders freeing them from tied beer supplies.

The slide in the property market has reduced the value of tenanted pubs by about 20 per cent over the past 18 months. The effect has been illustrated most strikingly over the last year by the £500m reduction – equivalent to nearly £60,000 a pub – in the value of Inntrepreneur Estates, the soon-to-be-merged pub interests of Courage and Grand Metropolitan.

Several sales of small packages of pubs last year yielded average prices of £200,000. Vaux, the Sunderland-based brewer, reported that it paid about £163,000 for tenanted pubs.

Since October, Bass has sold 111 pubs for £21.3m, an average of just over £190,000. More price falls are expected. Courage, which aims to sell 1,100 of its smaller pubs after the GrandMet deal expects them to raise £157m, or about £143,000 apiece.

Apart from GrandMet, which entered the market early and has sold 1,400 pubs in the past 18 months, the nationals have as yet put few of their pubs up for sale.

Whitbread has sold about 300 of the 2,200 it has to free, and the company has been pressing the government, apparently to no avail, for a relaxation of the deadline. Allied-Lyons has sold 450 of the 2,250 it must unload. Bass has sold, or agreed terms on, 650 pubs of the 2,680 earmarked for disposal.

Inn Data, the market analyst, says that last month there were £239m worth of pubs being offered, a fifth of them by the big brewers.

Mr John Spicer, analyst at Kleinwort Benson, estimates that there are still pubs worth a total £1.5bn-£2bn to be released. Who will buy them? Many potential buyers are prepared to wait for better opportunities. The nationals are pushing their smaller pubs on to the market first. But eventually they will have to release bigger ones and, even if interest rates fall further, the number that will be available will keep prices down, they calculate.

The regional and local brewers, for whom the enforced sale provides a one-off chance to extend their estates, increase turnover and improve brewing efficiency, have so far bought relatively few.

"I think most of us are in the same ball game," says Mr Michael Hurdle, chairman of Marston's, the Burton-based brewer. "We are all looking for pubs that make money." Marston bought 49 pubs from Allied and four from Whitbread last year to bring its total number to 890. It is waiting to buy more – "there must be better things to come," says Mr Hurdle.

Leisure companies had been expected to figure among the buyers. "But a number have run into financial difficulties and it is now hard to see them as net purchasers," says Mr Spicer. "In fact, some may be under pressure to sell."

The only big buyer has been Mr Nazmu Virani's property and leisure group, Control Securities, which also owns the Belhaven brewery in Dunbar, Scotland. It bought 220 pubs from GrandMet for £46m a year ago. It has been quiet since but still aims to build its 820-pub estate up to 2,000.

A number of new pub retailers have entered the scene. Northumbria Inns in Newcastle-upon-Tyne has bought a dozen pubs in the north-east and intends to expand to around 50. The Sussex-based Allen Partnership which bought 27 Scottish pubs from Whitbread for £9m, has similar ambitions.

More entrepreneurs may emerge; but finance is tight. There are doubts about the viability of many pubs if they are detached from a large tied estate.

The depressed housing market is preventing first-time buyers from selling their homes in order to reinvest in pubs. Even demographics are against the brewers: there are fewer 38-44 year-olds, the age group in which pub-owning ambition is usually fulfilled.

In the end the brewers will have to rely heavily on selling or leasing pubs to sitting tenants. Most of Bass's sales so far have been to its tenants. But Mr Christie, who has bought Simpsons pub-restaurant in Hatton Garden, says that it is a move that requires hard-headed calculation. "It's easy to stand behind a bar and be a sociable host," he says. "It's much harder to make a consistent profit. Not everyone can run a business."

Mr Terry Parrott, who bought the village pub at Wivelsfield, Sussex, where he has been tenant for three years, echoes those views. "We've always wanted our own pub and we are delighted to get it," he says. "But we've never had delusions about what it entails."

The brewers are finding their tenants generally adopting such pragmatic attitudes. Few sales have yet been made and efforts to negotiate leases have run into problems with another deadline.

Many tenants will be given security of tenure under the Landlord and Tenant Act next July. Unless leases can be agreed in the next four months, the brewers have said they will issue notices to quit to protect shareholders' interests.

The National Licensed Victuallers Association claims that the brewers are being unrealistic about the prices they are asking for both freehold and leasehold properties.

"Tenants are being offered their pubs in the middle of a recession on terms they cannot afford and would be foolhardy to accept," the NLVA says. It advises tenants to sit tight and brewers to drop their prices by 20 per cent if they do not want to see the pubs boarded up.

LETTERS

Modify plans by MacSharry

From Mr Robert Hine.

Sir, It is ironic that after pressing for so long for fundamental changes to the Common Agricultural Policy, the UK government should now oppose attempts by Mr Ray MacSharry, the agricultural commissioner, to initiate reform.

Mr John Gummer, the UK agriculture minister, is misguided in his opposition to the MacSharry proposals which though imperfect are a step in the right direction. He should ignore to the clamour of the farm lobby – no worthwhile Cap reform can avoid cuttings prices paid to large farmers. Instead, he should argue for two modifications.

First, the compulsory set aside requirements for large farms should be reduced, allowing farmers who can profitably produce at the lower prices some scope to do so without losing all compensatory payments. At the margin, the acreage cropped would then be determined by market prices not by EC fiat.

Second, the funding of compensatory payments should be shared between national governments and the Community. In poorer countries, the EC would fund all payments, whereas in richer ones costs would be shared with national governments.

This would ensure that Cap reform does not impose a further budgetary burden on Britain. Thus modified the proposals would address the need for fundamental Cap reform and provide a basis for successful negotiation in the Uruguay Round.

Robert Hine,
Department of Economics,
University of Nottingham.

Chef roasts "high-handed" portrait

From Mr Nico Ladenis.

Sir, I refer to the portrait of me by Nicholas Lander (Man In The News, February 25), which I believe to be inaccurate, misleading and high-handed.

Mr Lander used words like arrogant, naïve and irascible to describe me.

Many who know me would dispute these adjectives, but Mr Lander is entitled to his opinion.

He did, however, make some statements, which in view of a pending legal action may be seen to prejudice the "case".

He says that Sir David Napley has been in the past an adviser and that the same applies to a Mr C D Lever.

These assertions are not accurate and no doubt Sir David Napley will be making the position clear on his own.

In fact he has nothing to do with this case. Mr Lever has never been a financial adviser, customer or friend.

I also object to the implication in the article's final paragraph that I am among those chefs who prefer appearing on television and endorsing pots of jam than working in my kitchen.

This may be true of others; it is not true of me.

Nico Ladenis,
Chez Nico,
35 Great Portland Street, W1.

Inflation index

From Mr Andrew Britton.

Sir, I was very pleased to have the support of Samuel Brittan (Economic Viewpoint, February 28) for the Institute's suggestion that an index of European inflation should play an important part in the setting of wages and prices.

Perhaps I could answer his two criticisms of our definition for that index. He suggests that the index should refer to German inflation alone. We considered that alternative, but rejected it on political and economic grounds.

The commitment implied by ERM membership is, in our view, to a process of economic convergence of Europe as a whole.

His other objection that we do not take account of "non-traded service" does not apply since our index includes all kinds of goods and services, whether traded or not.

Andrew Britton,
National Institute of Economic and Social Research,
2 Dean Trench Street,
Smith Square, SW1.

Asphalt blights the neighbourhood

From Dr Harold Hughes.

Sir, The concepts in your editorial ("The cabling of the UK", February 28) on cable television and the development of competitive telephone services look different when confronted on, or rather under, the ground.

Our street has been recently subject to the depredations of contractors laying cable television duct.

This followed the council's exchange, two years ago, of our neat paving slabs for execrable asphalt. We all wondered which other street, inhabited by a councillor or senior official, had a pavement needing replacement.

The new activity ripped through the asphalt, making it scruffier. If the appearance of our street is anything to go by, most of us would be happy to pass up competition theory in exchange for visual standards.

Who pays for this double provision of services, which, sensibly, has been avoided in the case of water, gas, electricity and drainage?

Dr Harold Hughes, OBE,
16 Wingfield Road,
Kingston-upon-Thames.

Relying on interest rates is wrong

From Mr T. Long.

Sir, Edward de Bono (Letters, "A new cure for inflation", February 26) has colourfully compared bloodletting with the government's approach to inflation.

As an engineer, I think in different terms, and it is obvious that relying on the interest-rate mechanism to control the UK economy shows a fundamental lack of appreciation of the system's complexity.

There is probably more sophistication in the controls governing the chancellor's central heating system.

T Long,
director,
Gosling Associates
21 Victoria Avenue,
Harrogate.

Sterling should move to narrow ERM band

From Professor David Currie and Mr Geoffrey Dicks.

Sir, Giles Keating ("ERM credibility theory is irrelevant", Letters, 28 February) argues against our recommendation that the pound should move to the narrow, 2.25 per cent, band within the ERM, especially if this were to be at the lower end of the band.

He believes this would damage the UK's credibility and make interest rate cuts more difficult to achieve in the short term and may deprive us of some monetary autonomy.

It is precisely to achieve the latter that we believe in an early move to narrow bands. By *joining a fixed-rate system* we have implicitly abandoned domestic monetary autonomy and we would prefer to make this more explicit by narrowing the range within which sterling can fluctuate.

We believe that such a move would be seen as increasing the UK's commitment to the EMS and would enhance the credibility of the government's policies, thus reducing the risk premium on sterling and allow UK interest rates to fall.

This is the case for a narrow band. Also, we expressed a preference for lowering the central parity to DM2.85, though this is secondary to the main issue of narrowing the band. If this option were followed, we would expect inter*est rate cuts to move sterling* fairly quickly to the lower half of the new barrow band, where there would be little potential for a further decline in sterling within the band.

It is true that the resulting downward movement might affect confidence in the pound. But presented along with a move to a narrow band and a strengthening of our commitment to the ERM, this effect could be minimal. Narrowing at the bottom, rather than the middle, of the current wide band should also reduce pressure for a devaluation outside the current broad bands.

A move to a narrow band would free the pound and UK monetary policy from uncertainty over the peseta. It was after all a D-Mark bloc that we thought we were joining.

Professor David Currie and Mr Geoffrey Dicks,
London Business School,
Sussex Place,
Regent's Park, NW1

Inflated claim?

From Mr Nick Parsons.

Sir, Samuel Brittan (Economic Viewpoint, February 28) said: "The British government's war on inflation is as nearly won as the US war on Saddam Hussein."

Has he noticed the 10 per cent increase in the cover price of the Financial Times, or is this merely proof of the government's success?

Nick Parsons,
group economist,
Union Discount Co,
39 Cornhill, EC3.

Congress faces tough lobbying on trade negotiations

From Mr Harry Freeman.

Sir, I very much agree with Sir Michael Palliser ("Gatt's fast track needs more time", Letters, February 26) that we must urge the United States Congress to extend the "fast track" for trade agreements, so as to continue effectively the vital Uruguay Round of the Gatt.

Most, but not all, of the business interests in the United States are committed to do just that.

A request for extension is expected by the end of this week and Congress must disapprove the request by June 1 1991 to block the otherwise "automatic" extension.

However, the extension would cover not only the Uruguay Round but also other trade agreements where the administration has notified Congress in a manner to comply with "fast track" procedures.

This includes negotiations with Mexico and Canada for a trilateral trade agreement. The opposition in the US to a trade agreement with Mexico is itself challenged by organised labour and by some manufacturing and agricultural interests, largely on the grounds of the very low wage rates paid in Mexico.

While I favour orderly negotiations with Mexico and Canada, these negotiations have become "linked" in congressional procedure with the Uruguay Round extension.

To dissociate them procedurally, US trade laws would have to be amended, thus opening the way to additional bilateral legislation, which many Americans advocate.

I believe the extension for both negotiations will prevail, but this will not happen without much controversy and tough lobbying, particularly because of the concern over an agreement with Mexico.

Harry Freeman,
1101 Pennsylvania Avenue NW,
Washington, DC.

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BUILDING SOCIETY INVESTMENT TERMS

	Product	Applied rate net#	Net CAR	Interest paid	Minimum balance	Access and other details
Alliance and Leicester	Instant Access	14.00G	14.00G	Yearly	Tiered	13.35/13.00/12.65/12.35/8.25 to acc
	Cash Plus	12.65G	12.65G	Yearly	£2,500	12.35 £500+, 8.25 £25+, ATM acss
	Midas	14.50G	14.50G	Yearly	£25,000	Instant
	Ninety Day	15.33G	15.33G	Yearly	£100,000	Gross interest available.
	Tessa	14.50G	14.50G	Yearly	£10	28 days not/mth. Int. av.
	Special Return	15.67G	15.67G	Yearly	£10,000	2yr term 10% inst acc fac mth av.
Barnsley (0226 733999)	Summit	11.25	11.25	Yearly	£50,000	90 days'not/pen -£10K mth int.
Birmingham Midshires	Quantum 60	14.50G	15.03G	½ yearly	£50,000	60 days not/pen inst acc. £10!
(0902 710710)	Tessa	14.00G	14.00G	Yearly	£1,500	90 days not/pen and 90 day p.
Bradford and Bingley (0274 561546)	Maximiser Bonus	9.00		Yearly	£1,000	Inst./Bonus for no withdrawal
	Maximiser Bonus	9.75		Yearly	£10,000	Inst./Bonus for no withdrawal
	Maximiser Option 3	10.08		Yearly	£2,500	6 mths notice/pen (9.58 mth inc)
	Maximiser Option 6	10.95		Yearly	£2,500	6 mths. notice/pen (10.28 mly inc)
	Elite 6	15.33G	11.50	Annually	£5000	Interest tiered with 6.5% guaranteed
	Elite 6	15.67G	11.75	Annually	£25,000	differential. 1st interest 31 90
Bristol and West (0272 294271)	Select	11.00	11.00	Yearly	£50,000	Inst. Acc. No penalty.
	Select	10.25	10.25	Yearly	£25,000	Choice of passbook, cash
	Select	10.00	10.00	Yearly	£10,000	and. (if £2,000 remains
	Select	9.00	9.00	Yearly	£2,000	account) cheque book wi
	Select	8.25	8.25	Yearly	£500	£100 guarantee card
	Select	6.00	6.00	Yearly	£1	
	Tessa Plus	14.25G		Yearly	£1	+2% bonus in first yea
	Special Edition Bond	16.00G	12.00	Yearly	£25,000	Instant access up to £10 also available
Catholic (071-222 6736/7)	Jubilee Bond III	10.25	10.25	Monthly	£1,000	60 Day pen/notice. 10% monthly trf.
Century (Edinburgh) (031 556 1711)	Fxd Rate 2/3 Yrs	10.50	10.50	Annually	£1	12.00% Fixed grs from Apr 1991. No Wds.
	Ordinary Shares	9.00	9.20	Choice	£1	Instant access. No penalties
Cheltenham & Gloucester gw	Cheltenham Gold	10.25	10.25	Yearly	£25,000	Instant access/
(0452) 372372	Cheltenham Gold	10.00	10.00	Yearly	£10,000	Monthly income opt
Cheshunt (0992 26261)	Spec 90 Shares	11.80	11.80	Yearly	£50,000	90 days' notice/pen'
	Spec 90 (ex-nat)	15.13	15.13	Yearly	£50,000	90 days' notice/pen'
	Cheshuntcash	10.25	10.25	Yearly	£20,000	Instant access. Tier account
Coventry (0203 252277)	Moneymaker	9.75	9.75	Yearly	£10,000	Inst. acc no pen.
	Moneymaker	9.00	9.00	Yearly	£5,000	Mthly Int. £10,0 9.34%
	3 Year Bond	11.30	11.30	Yearly	£40,000	With 90 days' ac or penalty
	3 Year Bond	10.90	10.90	Yearly	£1,000	monthly income on
	90 Day Option	11.30	11.30	Yearly	£40,000	With 90 days' n or penalty.
	90 Day Option	10.90	10.90	Yearly	£25,000	Inst acc/no pen bal. £5,000+
	90 Day Option	10.50	10.50	Yearly	£10,000	Monthly income/tion.
	Tessa	14.50	14.50	Yearly	£100	Mthly int 13.£
Halifax*	90-Day Xtra	12.10G	12.47G	½-yearly	£500	90 days, but
	90-Day Xtra	13.10G	13.53G	½-yearly	£10,000	instant wh
	90-Day Xtra	13.75G	14.22G	½-yearly	£25,000	£5,000 rem
	90-Day Xtra	14.40G	14.92G	½-yearly	£50,000	
Hendon (081-202 6384)	3 months shares	10.76	11.05	½ Yearly	£1,000	3 months or 25K + 0.42%
Lambeth (071 928 1331)	2 Year Term Share	12.00	12.00	Yearly	£500	60 days not after 1 year and 10 months
Lancastrian (061 643 1021)	Masterplan	10.45	10.45	Yearly	£25,000	Instant acc/no penalty
	30 Day Notice Acc	11.20	11.20	Yearly	£25,000	w/d per day of £5000 w/d pen
Leamington Spa (0926 450045)	Super 90	10.50	10.50	Yearly	£10,000	90 days n/ or penalty
		11.25	11.25	Yearly	£25,000	No penalt balance £800+
	High Flyer	10.00	10.00	Yearly	£10,000	Inst. acce
		10.25	10.25	Yearly	£25,000	No penal
Leeds & Holbeck (0532 459511)	Monthly Interest	11.75	12.40	Monthly	£100,000	6mths w/ dep. Then 60 dys not or pen
	Select Notice	11.80	11.80	Yearly	£2,500	12 mth. 10% of bal imm.
	Tessa	14.50G	Gross	31/12	£1	No tra restriction or charge. Loyalty ½% xtr int. in year 5.
Leeds Permanent 0532 438181	Solid Gold	10.50	10.50	Yearly	£10,000	3mth rates from £500;£25K+11.0
	Liquid Gold	9.20	9.20	Yearly	£500	Inst. a/no pen. Tiered,£10K +9.95
Marsden (0282 692821)	Rainbow 90	14.66G	14.66G	Yearly	£25,000	90 d notice
	Rainbow 90	14.40G	14.40G	Yearly	£10,000	90 d notice
Mornington (071-485 5575)	Mornington 28	9.95	10.20	½-yearly	£1000	£10 -£10K 28d nt/pn.
National & Provincial*	Private Reserve	13.90G	13.90G	Yearly	Tiered	90d 30g/13.77g/13.43g/12.77g/12.44g
	Monthly Income Ac	10.58	11.10	Monthly	Tiered	90d 58/10.49/10.26/9.80/9.57
	Inst Reserve	10.50	10.50	Yearly	Tiered	Inst 50/10.25/10.05/9.90/9.75
	StowAway Bond	13.27G	13.27G	Yearly	£500	2yr 0.5% bonus on maturity
Newcastle (091 2326676)	Nova Plus Special	11.70	15.00G	Annually	£200,000	In Access
	Nova Plus	11.00	14.10G	Monthly	£50,000	Inst access. Tiered A/C
	Nova Tax Saver	14.60	14.00G	Yearly	£500	acc. Gross to non tax payer.
North of England (091 5656272)	Prestige Monthly	11.00	11.00	Monthly	£50,000	ays not-pen Tiered from £5k
	Tessa	15.00G		Yearly	£10	exempt where capital remains 5 years
Northern Rock (091 285 7191)	Current Account	10.75	11.30	Monthly	Tiered	Acc 11.30/10.75/10.20/7.76/6.70
	Mayspinner Classic	15.00G	11.25	Yearly	£40k	K Instant acc
		14.40G	10.80	Yearly	£25k	month, 30 day
		13.60G	10.20	Yearly	£10k	ice/penalty
		12.85G	9.64	Yearly	£500	remainder.
Norwich & Peterb'gh (0733 371371)	Special 85	14.05G	14.74G	Choice	£10,000	days' notice/penalty
Nottingham (0602 481444)	Hallmark Ninety	15.20G	-	Yearly	£1,000	o not/pen to balance £10K+
Portman (0202 292444)	Monthly Interest	10.45	10.95	Monthly	£20,000	months notice
	Fixed Int. Bond	13.00G	13.00G	Maturity	£500	year fixed rate
Portsmouth (0705 291291)	60 Day Capital Ac	11.30	11.30	Yearly	£25,000	Min bal of £25,000 for these int rates
Principality (0222 344188)	Monthly Income Ac	14.70G	11.02G	Monthly	£6,000	Gtd. diff. end 1992
Scarborough (0723 368155)	Ninety	10.58	10.58	Yearly	£100,000	90 D not/pen 250+ 9.83 25K+ 10.01 50K+ 10.20 75K+ 10.39
	Excelsior	10.58	10.58	Monthly	£25,000	1 yr term guaranteed 4% diff
Skipton (0756 700500)	Sovereign Shares	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Sovereign Shares	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Skipton Ninety	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Skipton Ninety	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Tessa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Stroud and Swindon*	Century	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Town and Country (071-353 1476)	Superbars	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Super 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Super Tessa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Woolwich	Prime Gold	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Prime Gold	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Prime Gold	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Prime Gold	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Prime Gold	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yorkshire (0274 734822)	Key 90 Day	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Key 90 Day	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Platinum Key	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Platinum Key	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Golden Key	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Golden Key	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Golden Key	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Golden Key	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Golden Key	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

*For telephone see local directory. CAR = Annual yield after interest compounded [illegible]

2/3

Debt provisions peg Abbey National down to 16% rise

By David Lascelles, Banking Editor

ABBEY NATIONAL, the UK's newest clearing bank, increased its taxable profits by 16 per cent last year. But the downturn in the housing market brought the former building society a mounting volume of bad debts and losses in some parts of its business.

Sir Campbell Adamson, chairman, said that 1990 had been a difficult year, but that he was confident the Abbey could exploit its strong competitive advantages to make further progress.

Pre-tax profits amounted to £582m, up from £501m the year before. The profit attributable to shareholders was equivalent to earnings of 28.8p (27.3p) per share. With a final dividend of 6.35p, the total for the year rises by 12 per cent to 9.5p.

Abbey saw a sharp rise in net interest receivable to £955m (£766m) as its margins continued to increase. Other types of income also rose.

But the result was hit by £55m of provisions for bad debts, up sharply from the previous year's £14m. The losses came mainly from Abbey's mortgage borrowers who are suffering from the prolonged bout of high interest rates. Repossessions of properties more than doubled to 4,711, and serious cases of arrears soared from 3,202 to 11,563.

There were also bad debts in the bank's £80m commercial loan portfolio, which has not been expanded since last June.

However Sir Campbell stressed that Abbey's bad debt experience was still well below that of other banks, and the level of provisions was prudent. There was no present intention of going back into commercial lending.

Outside the banking area, Abbey's estate agency business continued to lose money. It was £20m in the red, a larger loss than last time's £16m. Sir Campbell said he was not deterred by this because he believed the estate agency business would recover strongly once the economy rebounded. Abbey also lost £24m on housing development.

Abroad, Sir Campbell said he was satisfied with progress in Abbey's operations in France, Spain and Italy.

Unlike the traditional clearing banks which reported earlier this week, Abbey managed to reduce its cost/income ratio, a key operating measure, from 45.2 per cent to 44.4 per cent. It also raised its share of the mortgage and deposits markets.

The overall result and the dividend were much as predicted by analysts. Mr John Wriglesworth at UBS Phillips & Drew, described it as "solid", given that Abbey had managed a 16 per cent increase in the worst market for a decade.

See Lex

Irish Ferries group buying B&I for I£6.5m

By Kieran Cooke in Dublin

IRISH CONTINENTAL Group, parent of Irish Ferries, is buying B&I, the state-owned shipping company for I£6.5m (£5.97m) subject to the book value of B&I and its net assets at December 31 being not less than I£700,000.

The sale is likely to create considerable controversy in Ireland. Under the terms of the sale it is likely the government will assume responsibility for B&I's debts and agree to significant job losses. In the last three years staffing has been cut from 1,500 to 960.

Earlier this week the government was accused by opposition politicians of seeking to dispose of B&I at a "knock down" price. Questions have also been raised as to whether Irish Continental has sufficient resources to maintain B&I's operations.

The government says it has been advised that Irish Continental's proposals offer the best guarantee of ensuring a "strong, strategic shipping line under an Irish flag, of sufficient scale to compete internationally".

B&I made operating profits of I£1.8m in 1988 and I£2.8m in 1989. However at the end of 1989 the company had accumulated losses of I£128.5m. It is now believed to have a capital deficiency of well over I£30m.

Irish Continental made pre-tax profits of I£2.4m in 1990 on turnover of I£40m.

Since B&I was nationalised in 1965 the government said it had invested I£106m, half of it in the past five years. More capital investment was urgently needed.

"Despite an improvement in trading over the past three years, the company is still in a weak financial position and requires substantial investment," the government said.

The sale is subject to the passing of legislation in the Irish parliament.

City expects WPP to pass final dividend and fall below £90m

By Alice Rawsthorn

WPP, the troubled marketing services group, is expected to announce that it is passing its final dividend when its preliminary results for 1990 are published on Thursday.

The group, which announced in December that it was cancelling its proposed interim dividend, is also expected to disclose that pre-tax profits for 1990 fell below the £90m forecast by analysts after it issued a profits warning in November.

Before the profits warning, analysts were predicting profits of £120m for 1990. James Capel now expects profits of about £80m and Warburg Securities less than £85m.

In its 1989 accounts, WPP made write-offs of £253m – including property provisions of £80m – against the value of its acquisition of Ogilvy & Mather.

Analysts will have to wait until the 1990 accounts are published at the end of May to find out whether WPP released part of these provisions last year.

WPP's shares, which have fallen sharply since the profits warning, yesterday jumped by 21p to 87p.

The group is in the final stages of negotiating a $1bn (£525m) financial restructuring programme with its banks. Earlier this week it circulated proposals for the restructuring to its 30-strong banking syndicate.

These proposals were agreed between WPP, advised by Samuel Montagu, and a group of its larger banks led by JP Morgan. The proposals are now being studied by the other banks.

The proposals are believed to include converting $100m of uncommitted facilities into committed facilities and reducing WPP's minimum covenanted interest cover – the ratio of debt interest to operating earnings – from 2.8 to 2 times for 1991.

WPP hopes it will reach agreement on the restructuring with its banks by the end of this month.

Midland decision on subsidiary

By William Dawkins in Paris

MIDLAND BANK is believed to be close to completing its deliberations over whether to sell part or all of its French mortgage lending subsidiary.

Trading in shares of the subsidiary, Banque Immobilière de Crédit, was suspended in Paris yesterday morning. The bank will make an announcement in the next few days, said Mr Eric Chelius, the mortgage company's secretary general.

Midland announced last September that it was considering the sale because it wanted a local partner for the offshoot and was focussing its European business on corporate and investment banking.

Founded in July 1989, Banque Immobilière de Crédit, had FFr11bn of assets by the end of last year and made a FFr8m loss in its first six months of trading, the most recent figures available. It is estimated to have incurred a loss of the same order in 1990.

The company has 210 staff in 20 agencies in France.

Sunleigh placing to raise £3.8m

By Michiyo Nakamoto

SUNLEIGH, the diversified group with interests in electronics and leisure, has announced a refinancing programme.

The company proposes to issue 32m new shares to raise £3.8m. A placing is being made with several large institutions, while existing shareholders will be offered shares on a 1-for-1 basis at 13p.

A sub-division of the 25p shares into a 5p ordinary and a 20p deferred share is also planned.

The refinancing comes in the wake of substantial management changes. In October, Mr Sandy Saunders became chairman.

The company is restructuring to focus on leisure and sporting products. It has sold loss-making subsidiaries. Debt is set to come down from £4.5m, reducing gearing to less than 20 per cent.

The announcement came as the company reported a pre-tax loss last year of £1.8m, compared with a profit of £2.8m, on turnover of £19.86m (£22.41m).

An extraordinary loss of £4.15m related to disposals and discontinued businesses and led to the dividend being passed. Losses per share were 4.51p (7.03p earnings).

FSM in talks with bankers

By Clay Harris

Shares in Ford Sellar Morris Properties fell by 9p to 30p after the USM-traded property development and investment group said it had entered discussions with its bank lenders "with a view to putting its borrowing facilities on a revised basis".

FSM said bankers were "actively considering" its proposals to reduce gearing through phased disposals. Directors were not available for comment, but the company said a "rescheduling" was being discussed. No debt-for-equity swap was on the table, it said.

On October 31, FSM had net borrowings of £132m, compared with its current stock market value of £16.5m.

Ross Group reverses into Whittington

By Michiyo Nakamoto

ROSS GROUP, the USM-quoted holding company with interests in packaging and the manufacture of consumer electronics, is to acquire Whittington, a giftware and greeting card distributor listed on the main market, in a reverse takeover.

Whittington is making an offer for Ross on the basis of 19 ordinary shares of 5p for each Ross ordinary of 10p. That values Ross at £16.9m and will give its shareholders control over 91 per cent of the enlarged capital of Whittington.

Whittington has received irrevocable acceptances of 52.1 per cent of Ross's capital. The directors of Whittington will be replaced by the present board of Ross and the name will be changed to Ross Group.

The decision to combine with Ross stems from a need to reduce its high level of debt. It is also restructuring by selling two subsidiaries. Although this would have restored the financial stability, it would have deprived it of an earnings stream, Whittington said.

Cooper Ludlum, its cutlery manufacturing arm, and Macsel, a wholesale greeting cards business are being sold back to their management.

For the first six months to June 30 Whittington reported a loss of £16,000 and passed its interim dividend. The shares, which were suspended on Wednesday on bid rumours, were restored yesterday.

Ross has expanded rapidly via acquisitions. It reported mid-1990 pre-tax profits of £403,000 (losses £220,000) and resumed dividends with a payment of 0.5p.

Multitone blames Midland for currency deal mix-up

MULTITONE Electronics, a supplier of specialised radio systems, claimed last night that Midland Bank had bought D-Marks forward on its behalf when it had been told to sell, writes Clay Harris.

If the resulting loss fell on the company, Multitone said its pre-tax profits for the six months to October 31 would be reduced from the previously reported £905,000 to £621,000.

Multitone said it normally protected the sterling value of its D-Mark revenue, which accounts for up to 40 per cent of turnover, by selling forward for up to 12 months ahead.

"Regrettably, due to an apparent misunderstanding on the part of the bank, the contracts for January to April 1991 were incorrectly placed".

Multitone said it was taking legal advice. Midland's head office said it had no knowledge of the transactions but would investigate on Monday.

Mr Ian Karten, chairman, said last night: "It wasn't discovered until suddenly a lot of D-Marks began turning up in the account." He disclosed that the disputed contract notes did state "buy" rather than "sell", but that the company's lawyers said the original instruction formed the contract.

He added: "The financial controller [who placed the instruction] signed it, didn't notice it but didn't send it back." The man was later killed in a road accident.

But Mr Karten said: "It is absolutely inconceivable that the chap could have told the bank to buy rather than sell. We've got D-Marks running out our ears."

Multitone also said full-year turnover would be "somewhat lower" than in 1989-90.

Hawker Siddeley Canada at C$41.3m

Hawker Siddeley Canada, subsidiary of the UK electrical and mechanical engineering group, reported pre-tax profits of C$41.3m, or £18.78m sterling, for 1990. The result compared with C$43.3m after interest charges up from C$800,000 to C$3.1m.

Earnings per share improved to C$2.8 (C$1.58) after taking account of the affect of discontinued operations which reduced the previous year's attributable figure by C$9.7m.

Turnover was C$410.5m (C$361.2m) for operating profits of C$44.4m (C$44.1m).

Richards profit warning

By Clare Pearson

MR BRIAN Gilbert, chairman of Richards, the Aberdeen-based textile company, has blamed the Gulf war for a recent deterioration in trading which he said would result in lower first half profits.

Speaking at the annual meeting, he said: "Following the outbreak of hostilities in the Gulf, all the group's markets, but particularly UK residential carpets, have shown a sharp downturn."

Consequently, profits for the six months to end-March would be significantly lower than last year's £1.7m pre-tax.

After dipping on the announcement, the shares yesterday finished unchanged at 71p.

Richards has manufacturing interests in spinning, tufted carpets, linen cloth, handkerchiefs, shirts, knitwear and hand knitting yarn.

Last October, it acquired the semi-worsted spinning plant of Coloroll, the home furnishing group which had gone into receivership.

Çukurova offers BCMB extension

Çukurova, the Turkish conglomerate which is negotiating to buy British & Commonwealth Merchant Bank said it was willing to extend last night's deadline because of signs of movement on the UK side.

The talks had been stalled when two UK clearing banks refused to accept Çukurova's offer for BCMB, which is in administration. Çukurova, which is offering £25m for the bank, is asking other banks to roll over two-thirds of their deposits with BCMB to provide it with liquidity.

However, it is understood that contacts took place with the Bank of England yesterday, and negotiations will continue.

Here two plus two makes five, but elsewhere it can make six

David Waller looks at different strokes for different folks in the world of international accountancy

ADDRESSING A conference of the world's leading accounting experts last week, Mr Hugh Collum, finance director of SmithKline Beecham and also chairman of the 100 Group of top UK finance directors, gave a graphic example of what he called the "global accounting muddle".

"You might hesitate to invest in a company if you read in its accounts that it had net negative shareholders' funds of £300m," he said. "On the other hand, you might well invest in one with £3.5bn of shareholders' funds."

The investment decision would be made more difficult if these were not two different companies, but just one. Ruefully, Mr Collum acknowledged that it was his company, the one formed in 1989 from the merger between Beecham, a UK company, and SmithKline, a US corporation.

The two, widely different sets of figures – one prepared under US rules and the other under UK – are both to be found in the merged company's 1989 set of accounts. Furthermore, under US rules, the company's net income last year was £90m, but under British standards it was almost 50 per cent higher, at £130m.

"These absurdities arose because of a merger between a British and an American company which was based on sound business sense," Mr Collum said. "Such wild variations in figures conspire to make our company suspect, not to say downright fishy, in the eyes of the international investment community.

"You will appreciate this when I say that our US-held shares are currently trading at a discount of about 17 per cent on our London shares; and principally because of market perceptions informed – or, should I say, misinformed – by contradictory accounting standards."

Mr Collum's remarks were timed to coincide with the meeting in London this week of the International Accounting Standards Committee, a body of some 40 accounting experts and financial analysts from 13 countries whose declared objective is to end the "global accounting muddle".

The IASC was founded in 1973 by Lord Benson, the distinguished accountant, and over the years has worked to end differences between different countries' accounting rules.

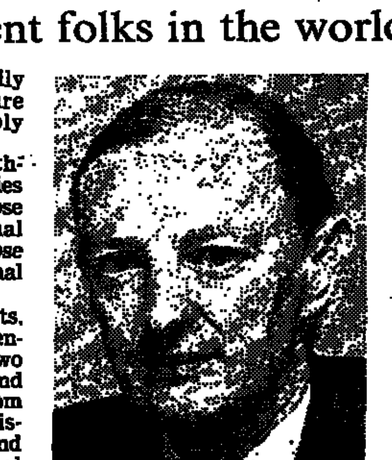
Its rules are not mandatory although they have been adopted lock, stock and barrel in many developing countries. Furthermore, standard setters in 70 countries are formally committed to making sure domestic standards comply with international ones.

As the example of SmithKline shows, the discrepancies cause complications for those who manage international businesses, and to those whose job it is to make international investments.

In spite of the IASC's efforts, it is still difficult to make sensible comparisons between two companies of the same size and in the same industry, but from different countries. This distorts investment decisions and restricts the flow of capital from country to country.

The IASC is currently engaged in a long-term project to eliminate the "options" currently available under the IASC's 30 standards.

The options arose out of a spirit of compromise when the standards were first being negotiated. On any given issue – from goodwill to the recognition of foreign exchange gains and losses – companies were given the choice of a number of different accounting treatments. In practice, the options gave so much flexibility on the most sensitive accounting issues that international company accounts were not comparable at all. The aim now is to whittle away the options by 1993.



Hugh Collum: fishy in the eyes of global investors?

The differences are particularly acute within the European Community, with Anglo-American accounting at one end of the spectrum and German accounting at the other.

The former is characterised by a greater willingness to provide information and by the flexibility of its rules. German accounting discloses less about the "economic reality" of a company and is subject to detailed and inflexible rules, often influenced by tax law. The reasons for the divide between the two systems are profound, a function of different legal systems and different capital market structures.

Senior officials at the European Commission believe that varying accounting standards are a significant barrier to the effective implementation of the single market programme; as other barriers come down, the distortions created by accounting rules grow.

The commission first promoted some basic harmonisation with its fourth and seventh company law directives, adopted in 1978 and 1983 respectively. Last year it decided against issuing its own accounting standards and set up a forum to discuss how to bring the rules closer together. The forum held its first, inconclusive meeting in January this year, when the topics under discussion included foreign currency translation and government grants.

In his speech last week, Mr Collum was dismissive of the commission's approach, saying that it could lead to a "'lowest common denominator' agreement on basic standards that would be of little use to large international businesses, especially those that bridge the Atlantic".

Speaking on behalf of the 100 Group, Mr Collum called for "progress led by the enlightened self-interest of the accountancy and business communities". He said that the route to international harmonisation should be akin to the process whereby the Basle Committee has supervised a process which achieved agreed asset requirements and reserve ratios for the world's banks.

"It has not been done without a certain amount of bloodshed," Mr Collum conceded, "but it has been done. More to the point, it has been done without resort to legal regulation and in close co-operation with those involved. It has been achieved by a willing surrender of sovereignty and authority because such a surrender was clearly in the long-term interests of the financial community as a whole."

Such a process would, it has to be acknowledged, be good for SmithKline Beecham. Further harmonisation of the rules would make its accounts look less schizophrenic. It might just help narrow that 17 per cent gap between the price of the shares on either sides of the Atlantic.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Abbey National ....fin	6.35	Apr 29	5.7	9.5	5.7
British Assets ....int	1	Apr 8	0.925	-	3.85
Cooper (Alan) ....fin	4.9	Apr 29	4.9	7.7	7.7
De Morgan ....int	nil‡	-	1.375	-	1.375
Gartmore Value ....int	0.9	Mar 28	0.8	-	5.16§§★
Global Group ....fin	0.5	Apr 30	nil	0.5	nil
Intrum Justitia ....fin	1.2	-	1	1.8	1
Shires Inv ....int	4.1	Apr 30	3.9	‡‡	16.75
Sunleigh ....fin	nil	-	1.25	nil	2
Tor IT ....int	9.5♠	May 9	8	19	38
Trencherwood § ....int	nil	-	3.63	0.5	5.13
Waterman Part ....int	1	Apr 19	2.2	-	6.2

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ♠Income shares. ‡Corrected. ‡‡Total of 17.8p forecast. §§Includes special dividend of 1.1p. ★For 15 months.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am't Paid up	Latest Renunc Date	1990/91 High	1990/91 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
100	F.P	-	105	102	German Inv. Tst.	105		-	-	-	-
§100	F.P.	-	95	58	...a 10p	99		-	-	-	-
-	F.P.	-	18	15	...pe Energy 5p	15		-	-	-	-
-	F.P.	-	3975	3475	...mael Fader. Wrrnts	3925		-	-	-	-
-	F.P.	-	130	90	J...ffic (New Wrrnts)	130		-	-	-	-
50	F.P.	-	45	43	Tr...g. Trust	44		-	-	-	-
-	F.P.	-	9	6	D...rrants	7		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1990/91 High	1990/91 Low	Stock	Closing Price £	+ or -
-	-	-	86		Brent Walker Capital 13pc Cv Cap Bd	80	+2
100p	F.P.	-	109p	1...	Brit. Land 8¾pc Cnv. Cap. Bds. 2011	109p	
100p	F.P.	-	105p		Evered 7.25p (Net) Cnv. Red. Prf.	101p	+1
‡	P/P	29/11	38p		Greenacre Group Cv. Rd. Prf. 70p	30p	
35	-	-	34½	2...	Grovewood Securities 8pc Cv Ln 2000	32½	
100p	F.P	-	106p	9...	T Group 10⅞pc Cnv. Red. Prf. 1997	106p	
100p	F P.	-	113p	9...	Worcester Cnv Rd Cv Pf	113p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1990/91 High	1990/91 Low	Stock	Closing Price p	+ or -
5	Nil	22/4	3pm	2pm	...ne Group 2½p	2pm	-½
15	Nil	9/3	2pm	1pm	...rope Energy 5p	1pm	-¼
12½	Nil	11/3	1¼pm	1¼pm	...ndon	1¼pm	
50	Nil	-	20pm	12pm	...rt Hotels 50p	12½pm	

a Annualised dividend. b Figures based on prospectus dates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend yield. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prices or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights" introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings Feb. 18
- Last Dealings March 1
- Last Declarations May 30
- For settlement June 10

For rate indications see end of London Share Service

Calls in Acsis, Bluebird Toys, Bunzl, Christies Intl., Chrysalis, ...bury, Ferranti, Hillsdown, ...nia West, Oliver Res., Midland ...Scottish Res., Next, Premier C..., Ratners, Saatchi & Saatchi, Trafalgar House and Tuskar R... Puts in Dares Ests. and Reu... Puts and calls in ABI Leis., Da... Ests. and Ferranti.

NEWS DIGEST

Unigroup rises 34% to £0.71m

UNIGROUP, the manufacturer and distributor of timber and allied building products and textiles, lifted pre-tax profits 34 per cent from £527,000 to £708,000 in the six months to December 31.

With the improved profitability, the group hopes to clear preference dividend arrears in the current year and continue normal payments thereafter.

Turnover in the period was ahead at £11.09m (£10.27m) and earnings rose to 1.9p (1.39p) per share. This time there was no exceptional debit (£20,000), tax (£184,000), or extraordinary charge (£68,000).

Tor Inv Trust

The net asset value per income share of The Tor Investment Trust stood at 133.7p at January 1, against 145.5p at January 31 1990. The net asset values of the capital shares were 963.5p and £12.32 respectively.

Pre-tax profits rose to £988,000 (£922,000) and net revenue to £728,000 (£682,000) in the six months to January 1. Earnings per income share were up at 18.02p (16.87p) and per capital share at 1.8p (1.69p).

A first interim dividend on the income shares of 9.5p was paid on January 31; now a second of the same amount has been declared.

No interim has been declared on the capital shares, but the full dividend for the year will be paid in November.

Countyglen in loss

Losses at Countyglen, the Dublin-based property investor, for the six months to October 31 1990 were again I£49,000 (£45,000), although an exceptional credit of I£494,000 last time produced a pre-tax profit of I£445,000.

Turnover for the half year fell to I£52,000 (I£85,000) and losses per share emerged at 1.5p (11.5p earnings).

The company also announced the sale of part of one of its properties for I£620,000 cash.

Intrum Justitia

Intrum Justitia, the European debt recovery agency, increased its pre-tax profit by 79 per cent, from £4.84m to £8.65m, in 1990.

Earnings worked through at 7.6p (5.4p) per share and the final dividend is 1.2p for a total of 1.8p (1p).

It handled more than 2m cases for 40,000 clients, representing a substantial increase over 1989. The total value of debts being handled at the year-end was £1bn.

Laura Ashley

Laura Ashley, the garments and home furnishings retailer, is selling the business and assets of its textile and wallpaper printing operations based in the Netherlands to a consortium led by Mr G Bonkestoter, director of Laura Ashley Manufacturing.

The consideration of Fl 12.5m (£3.9m) comprises Fl 10.5m cash and the balance in subordinated loan, repayable over three years.

Waterman dives

Waterman Partnership Holdings, the consulting civil and structural engineer, has suffered from the recession and the Gulf crisis, and seen its pre-tax profit dive from £2.45m to £306,000 in the half-year ended December 31 1990.

Earnings per share were 1p (8.3p) and the interim dividend is cut to 1p (2.2p).

Work done fell to £6.22m (£8.77m).

Lancs & London

The net asset value of Lancashire & London Investment Trust at December 31 1990 was 83p, a fall of 33 per cent over the 123.9p of a year earlier. At February 27 the figure had risen to 89.4p.

Post-tax revenue for 1990 fell 10 per cent to £214,370 (£237,651) and earnings slipped to 2.7p (3p) per share. A maintained final dividend of 1.9p has been proposed, for an unchanged total of 2.9p.

Goodwin advances

Goodwin, the metal foundry and engineering group, continued to advance in the second half and reported pre-tax profits at the year ended October 31 of £230,563 compared with £70,434 last time.

The company said that capital expenditure in the oil industries, which it supplies, had been buoyant, and completion of some long-term contracts together with cost controls, had resulted in a reduction of bank borrowing.

Turnover grew to £7.59m (£6.13m). Tax took £80,697 (£24,652) leaving earnings per share of 2.08p (0.64p).

Unilever offshoot mbo

Birds Eye Wall's, the Unilever frozen foods subsidiary, has sold the Leed-based Treats ice-cream business to management.

Wall's announced plans in January to close the factory, with the loss of 180 full-time jobs. After local protests, it accepted a buy-out offer. The price was not disclosed.

Treats has annual turnover of £14m and accounts for about 3 per cent by volume of the UK ice-cream market.

Lex Service sale

Lex Service is selling Jermyn, its Frankfurt electronic component distributor, to Elbatex.

Net book value of the assets was some Dm9.5m (£3.3m).

Sasco of Munich will now control Lex's electronic components activities in Germany.

IDV tequila deal

International Distillers and Vintners, the wine and spirits sector of Grand Metropolitan, has acquired a 45 per cent stake in Jose Cuervo, the oldest and largest producer of tequila in Mexico. The price has not been disclosed.

The deal is designed to strengthen the longstanding relationship between IDV, its US subsidiary, Heublein, and Cuervo.

Latin American IT

Latin American Investment Trust, in which dealings began in July, reported a net asset value of 79.5 cents, or of 83 cents with warrants exercised, at December 31.

Net revenue in the period from March 12 1990 to December 31 was $499,000 (£262,000) and earnings worked through at 0.67 cents. There is no dividend.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 02.03.91: Pool purchase price £/MWh	Final Prices for Trading on 02.02.91: Pool purchase price £/MWh	Final Prices for Trading on 02.02.91: Pool selling price £/MWh
0030	15.93	13.38	13.38
0100	29.62	24.93	28.59
0130	29.82	25.66	27.31
0200	29.62	25.66	27.31
0230	20.47	25.66	27.33
0300	17.56	16.76	18.24
0330	17.11	16.76	18.24
0400	15.28	15.55	17.01
0430	14.92	15.44	16.89
0500	14.87	13.39	13.39
0530	14.87	13.42	13.42
0600	14.63	13.37	13.37
0630	14.85	13.33	13.33
0700	14.92	13.38	13.38
0730	14.87	13.38	13.38
0800	14.92	13.38	13.38
0830	16.32	13.42	13.42
0900	16.32	15.97	17.47
0930	22.82	18.74	20.32
1000	22.82	20.75	22.38
1030	22.82	22.59	24.38
1100	22.82	22.69	24.38
1130	18.56	22.69	24.38
1200	18.56	22.69	24.38
1230	19.28	19.80	21.40
1300	17.75	18.50	20.08
1330	16.32	18.50	20.07
1400	16.32	17.03	18.55
1430	14.92	13.43	13.43
1500	14.92	13.38	13.38
1530	14.92	13.38	13.38
1600	15.02	13.38	13.38
1630	15.02	15.83	17.31
1700	16.32	18.50	20.08
1730	16.32	28.50	30.33
1800	22.00	28.50	30.30
1830	22.94	28.50	30.30
1900	25.84	22.72	24.38
1930	25.54	20.64	22.25
2000	23.42	20.52	22.13
2030	18.39	19.66	21.27
2100	16.32	18.09	19.67
2130	14.92	18.09	19.66
2200	14.92	13.43	13.43
2230	14.87	13.38	13.38
2300	14.86	13.27	13.27
2330	14.46	13.22	13.22
2400	14.85	13.33	13.33

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

هكذا من الاهل

ECONOMIC DIARY

TODAY: onservative local governmet conference, London.

TOMORROW: Estonian and Latvian ·publics hold referenda on future independence.

MONDAY Two-day EC general affirs council meeting opens, Brussels. EC agriculture mhsters start two-day meetingn Brussels. Treasury publishs February figures for UK offical reserves. Two-day conferece opens in London on undestanding the Bundesbank ad its effect on the German caital markets, and the Bank c Japan and its effect on thelapanese capital markets: seakers include Mr Alf Maine; Bundesbankdirektor, Deutsae Bundesbank, and Mr Tsuya Tamura, of the Bank f Japan. British Technolog Group briefing on baggage econciliation and location.

TUESAY: Fourth quarter compny liquidity survey from CSO Natural Environment Reserch Council launch 1991 corprate plan. Mr John Majr, the Prime Minister, pay: two-day visit to the Sovt Union, his first since takig office. Mr Christopher Choe, roads and traffic ministe launches measures to redce casualties among oldr pedestrians.

WENESDAY: European Centreor Public Affairs three-day seinar opens on influencing desions in Europe, at Wiston Hose, Sussex. December figurs for overseas travel and torism from CSO. January avance energy statistics fim Department of Energy. Dtails of employment, unemmpment, earnings, prices and cher indicators published in mployment Gazette. Confedration of British Industry old monthly meeting.

HURSDAY: Department of ne Environment publishes igures for January housing tarts and completions; and ourth quarter figures for nouse renovations. Two-day conference opens, convened by the Royal Institute of International Affairs, on the Uruguay Round negotiations - outcome and beyond, in London. Ribble Valley by-election. Electoral Reform Society launch Democracy 2000 campaign.

FRIDAY: Fourth quarter figures for construction output from Department of the Environment.

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Friday March 1 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1991 to date	Thu Feb 28 Index No.	Wed Feb 27 Index No.	Tue Feb 26 Index No.	Year ago (approx) Index No.	1990/91 High	1990/91 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (187)	848.11	+0.8	12.69	5.67	9.59	0.85	841.79	823.83	812.35	850.12	960.80 4/1/90	658.43 24/9/90	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (24)	1154.94	+1.2	12.35	5.28	9.96	0.55	1141.72	1132.98	1116.50	1036.19	1188.21 3/1/90	812.99 20/9/90	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (31)	1374.77	+1.2	13.02	5.68	9.96	3.90	1358.79	1308.93	1283.69	1410.05	1621.44 4/1/90	993.11 24/9/90	1951.50 16/7/87	71.48 2/12/74
4	Electricals (10)	2337.32	+1.2	12.08	5.71	10.13	0.80	2310.18	2250.46	2225.39	2354.45	2751.15 4/1/90	1762.48 2/11/90	3040.80 8/9/89	84.71 25/6/62
5	Electronics (26)	1771.71	+0.1	8.91	5.04	14.93	1.55	1769.07	1752.71	1755.02	1876.55	2044.72 9/1/90	1478.08 16/1/91	2308.22 19/5/89	1229.01 8/10/85
6	Engineering-Aerospace (8)	444.04	+0.9	16.48	5.61	7.31	0.86	440.22	431.74	414.10	420.66	502.42 13/6/90	380.48 16/1/91	502.42 13/6/90	380.48 16/1/91
7	Engineering-General (47)	428.58	+1.2	13.79	6.02	8.72	1.15	423.67	415.98	411.23	458.32	505.10 15/6/90	339.57 23/1/91	505.10 15/6/90	339.57 23/1/91
8	Metals and Metal Forming (8)	475.12	+2.3	19.20	7.24	6.43	0.00	464.32	449.13	446.13	475.14	515.57 4/1/90	381.44 16/1/91	596.67 9/10/87	49.65 6/1/75
9	Motors (13)	343.78	+1.4	14.49	6.97	8.04	0.00	338.91	324.08	319.28	350.29	403.90 4/1/90	260.41 24/9/90	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (20)	1482.54	−0.2	11.37	5.48	10.17	0.71	1486.09	1446.82	1425.04	1535.46	1774.64 3/1/90	1103.89 1/11/90	1881.53 18/8/89	277.55 15/1/81
21	CONSUMER GROUP (182)	1352.07	....	8.95	3.88	13.87	3.44	1351.66	1335.49	1330.40	1219.33	1357.03 3/1/90	1121.42 24/9/90	1417.92 4/9/89	61.41 13/12/74
22	Brewers and Distillers (22)	1701.11	.....	9.42	3.67	13.08	7.47	1701.44	1684.55	1666.41	1405.98	1701.44 28/2/91	1369.31 6/3/90	1701.44 28/2/91	69.47 13/12/74
25	Food Manufacturing (20)	1130.08	−0.6	10.18	4.31	12.10	1.69	1136.50	1129.18	1125.82	1055.66	1184.41 3/1/90	959.38 24/9/90	1220.42 4/9/89	59.67 11/12/74
26	Food Retailing (16)	2489.90	+0.2	8.50	3.11	15.39	3.15	2483.72	2491.52	2499.19	2274.84	2617.14 27/7/90	2188.04 30/4/90	2722.30 5/9/89	54.25 11/12/74
27	Health and Household (21)	2901.94	−0.1	6.28	2.72	18.83	0.91	2904.73	2816.05	2827.17	2401.86	2904.73 28/2/91	2166.10 24/8/90	2904.73 28/2/91	175.38 28/5/80
29	Hotels and Leisure (22)	1314.53	+1.1	10.39	5.22	11.43	9.06	1300.54	1283.97	1270.62	1498.02	1717.22 9/1/90	1066.91 25/1/91	1845.77 8/9/89	54.83 9/1/75
30	Media (25)	1344.96	+0.5	10.86	5.11	11.63	7.81	1337.73	1321.58	1326.06	0.00	1344.96 1/3/91	1166.91 16/1/91	1344.96 1/3/91	1166.91 16/1/91
31	Packaging & Paper (11)	599.57	−0.7	8.77	5.74	13.96	0.30	603.85	601.39	598.46	556.50	625.01 17/7/90	470.91 28/9/90	739.48 16/7/87	43.46 6/1/75
34	Stores (34)	870.04	−0.1	9.76	4.20	13.33	1.76	871.33	870.11	858.82	773.55	871.33 28/2/91	690.43 27/4/90	1160.58 29/7/87	52.63 6/1/75
35	Textiles (11)	467.13	+1.4	12.30	7.58	10.42	0.65	460.51	450.89	448.11	492.55	554.37 4/1/90	388.59 24/9/90	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (111)	1150.39	+0.4	10.98	5.21	11.07	2.56	1145.32	1132.13	1121.08	1159.13	1233.52 3/1/90	932.53 24/9/90	1233.52 3/1/90	58.63 6/1/75
41	Business Services (12)	1070.14	+0.1	11.68	5.04	10.41	0.26	1069.33	1070.71	1060.89	0.00	1070.71 27/2/91	892.28 1/2/91	1070.71 27/2/91	892.28 1/2/91
42	Chemicals (21)	1228.88	+1.1	9.92	5.81	12.26	0.77	1216.04	1192.85	1195.11	1182.62	1335.87 14/6/90	940.57 24/9/90	1545.46 5/10/87	71.20 1/12/74
43	Conglomerates (11)	1526.80	+0.1	11.18	6.75	10.67	6.83	1525.14	1503.03	1477.12	1587.29	1722.31 14/6/90	1200.88 12/11/90	1819.46 11/8/89	975.19 10/11/87
44	Transport (15)	2162.53	+0.4	12.09	4.71	10.20	1.82	2154.25	2120.74	2072.54	2252.84	2458.00 4/1/90	1730.87 23/1/91	2554.69 12/7/89	90.80 29/6/62
45	Electricity (12)	1125.00	....	10.96	6.26	11.01	0.00	1124.92	1126.68	1119.35	0.00	1151.21 18/2/91	994.96 7/1/91	1151.21 18/2/91	994.96 7/1/91
46	Telephone Networks(3)	1294.21	+0.6	10.33	3.91	12.59	0.00	1286.42	1273.03	1257.81	1207.94	1294.21 1/3/91	1017.41 26/9/90	1294.21 1/3/91	517.92 30/11/84
47	Water(10)	2441.45	+0.4	13.89	5.74	8.05	39.69	2431.46	2445.48	2408.51	2037.38	2474.59 5/2/91	1820.20 1/5/90	2474.59 5/2/91	1820.20 1/5/90
48	Miscellaneous (27)	1810.66	+0.3	10.46	5.00	11.12	1.37	1805.48	1771.29	1771.94	1848.98	1981.35 3/1/90	1445.37 24/9/90	2087.06 11/7/89	60.39 6/7/75
49	INDUSTRIAL GROUP (480)	1170.43	+0.3	10.39	4.68	11.80	2.47	1166.78	1150.67	1141.66	1121.62	1234.94 3/1/90	950.55 24/9/90	1273.71 5/9/89	59.01 13/12/74
51	Oil & Gas (20)	2346.22	+0.2	11.04	5.65	11.86	34.91	2340.82	2308.88	2255.86	2361.15	2528.70 3/8/90	2101.45 21/1/91	2528.70 3/8/90	87.23 29/5/62
59	500 SHARE INDEX (500)	1269.40	+0.3	10.47	4.81	11.81	4.88	1265.57	1248.13	1235.79	1224.41	1338.65 3/1/90	1068.52 28/9/90	1369.88 16/7/87	63.49 13/12/74
61	FINANCIAL GROUP (98)	802.00	+0.8	–	6.02	–	2.87	795.63	787.77	778.41	800.88	869.67 3/1/90	621.68 24/9/90	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	876.45	+1.6	17.78	6.80	7.35	5.83	862.34	850.13	827.95	876.67	918.30 2/2/90	650.43 24/9/90	918.30 2/2/90	62.44 12/12/74
65	Insurance (Life) (7)	1456.89	−0.6	–	5.27	–	0.00	1465.99	1452.89	1446.71	1291.81	1519.19 29/6/90	1220.17 1/5/90	1519.19 29/6/90	44.88 2/1/75
66	Insurance (Composite) (6)	696.36	+0.8	–	6.21	–	0.00	690.68	685.43	680.47	648.99	763.09 2/1/90	526.46 24/9/90	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (8)	1062.50	+0.9	6.96	6.07	18.82	7.94	1052.82	1057.14	1045.98	1060.56	1194.74 4/1/90	757.70 24/9/90	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (7)	403.86	−0.7	–	5.05	–	0.00	406.59	407.83	410.06	486.50	502.02 8/2/90	319.38 24/9/90	547.59 12/10/87	31.21 7/1/75
69	Property (41)	1027.76	+0.2	6.46	4.57	21.19	1.26	1025.38	1014.96	1019.07	1104.39	1242.53 4/1/90	834.72 24/9/90	1398.87 5/9/89	56.01 20/4/65
70	Other Financial (20)	276.10	+0.6	9.09	6.53	13.88	2.30	274.32	272.63	271.95	314.84	350.59 4/1/90	233.78 1/10/90	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (69)	1146.33	+0.9	–	3.56	–	4.03	1136.39	1117.14	1111.65	1153.62	1323.81 4/1/90	947.19 16/1/91	1323.81 4/1/90	71.12 13/12/74
99	ALL-SHARE INDEX (667)	1154.48	+0.4	–	4.95	–	4.39	1150.01	1134.70	1123.31	1121.03	1226.83 3/1/90	962.09 24/9/90	1238.57 16/7/87	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Feb 28	Feb 27	Feb 26	Feb 25	Feb 22	Year ago	1990/91 High	1990/91 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2386.9	+6.0	2388.5	2368.4	2380.9	2348.0	2322.2	2335.5	2314.3	2254.8	2463.7 3/1/90	1990.2 28/9/90	2463.7 3/1/90	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Mar 1	Day's change %	Thu Feb 28	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (28)	120.96	−0.09	121.11	2.08	1.70
2	5-15 years (31)	130.91	−0.39	131.42	1.81	2.69
3	Over 15 years (8)	138.48	−0.46	140.29	1.94	2.24
4	Irredeemables (6)	153.08	−0.35	153.96	2.24	1.50
5	All stocks (73)	130.06	−0.30	130.56	1.94	2.32
	Index-Linked					
6	Up to 5 years (2)	158.48	....	158.48	0.25	1.03
7	Over 5 years (10)	144.58	+0.06	144.49	0.57	0.89
8	All stocks (12)	145.51	+0.06	145.43	0.55	0.90
9	Debs & Loans (54)	110.04	+0.14	109.89	2.30	1.67

	AVERAGE GROSS REDEMPTION YIELDS		Fri Mar 1	Thu Feb 28	Year ago (approx.)	1990/91 High	1990/91 Low
	British Government						
1	Low	5 years	9.38	9.31	11.18	12.36 2/5/90	9.23 19/2/91
2	Coupons	15 years	9.77	9.67	10.89	11.94 30/4/90	9.46 19/2/91
3	(0%-7¾%)	25 years	9.92	9.83	10.78	11.85 30/4/90	9.52 2/1/90
4	Medium	5 years	10.29	10.19	12.47	13.58 2/5/90	10.04 20/2/91
5	Coupons	15 years	10.12	10.05	11.33	12.45 27/4/90	9.84 14/2/91
6	(8%-10¾%)	25 years	10.04	9.98	10.90	11.98 27/4/90	9.65 2/1/90
7	High	5 years	10.44	10.35	12.59	13.67 2/5/90	10.20 19/2/91
8	Coupons	15 years	10.28	10.20	11.56	12.76 27/4/90	9.98 14/2/91
9	(11%-)	25 years	10.17	10.10	11.07	12.27 27/4/90	9.78 2/1/90
10	Irredeemables†		10.03	9.98	10.76	11.83 30/4/90	9.66 4/1/90
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	3.72	3.68	4.47	5.48 20/7/90	3.46 5/10/90
12	Inflation rate 5%	Over 5 yrs.	4.16	4.16	3.97	4.43 17/10/90	3.60 4/1/90
13	Inflation rate 10%	Up to 5 yrs.	2.29	2.24	3.53	4.37 9/7/90	2.13 21/2/91
14	Inflation rate 10%	Over 5 yrs.	3.97	3.97	3.80	4.23 17/10/90	3.43 4/1/90
15	Debs &	5 years	11.98	11.99	13.52	16.70 30/4/90	11.90 20/2/91
16	Loans	15 years	11.64	11.67	12.96	14.48 26/4/90	11.64 1/3/91
17		25 years	11.40	11.42	12.96	13.89 4/5/90	11.40 1/3/91

‡Opening index 2374.9; 9 am 2371.0; 10 am 2381.1; 11 am 2386.4; Noon 2383.4; 1 pm 2383.3; 2 pm 2379.0; 2.30 pm 2370.9; 3 pm 2372.2; 4.10 pm 2387.6; (a) 4.12pm (b) 8.43am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE includes details of the information used in the construction of these indices. These are available by subscription from FINSTAT, 071-925 2323.
CONSTITUENT CHANGES: Bardon Group (2) has been deleted and replaced by Domino Printing Sciences (5). NAME CHANGE; Blenheim Exhibitions Group is now Blenheim Group (30).

LONDON TRADED OPTIONS

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Alld Lyons (*526)	460	77	77	90	3	8	10
	500	44	49	63	7	18	24
	550	13	25	36	29	45	50
ASDA (*133)	120	18	23	25	2	4	7
	130	10	17	20	6	8	11
	140	5	11	14	11	13	16
Brit. Airways (*168)	140	32	33	34	1½	4½	7
	160	14	18	25	5	10½	13
	180	4½	–	–	16	–	–
SmKl Beecham A (*710)	600	120	133	147	2	7	11
	650	75	94	111	7	17	22
	700	40	72	80	23	33	40
Boots (*360)	300	66	70	74	1	3½	5
	330	39	45	53	3	10	12
	360	17	25	34	13	21	24
B.P (*333)	300	41	47	53	2½	6	9
	330	16	26	34	10	16	21
	360	5	12	–	28	32	–
British Steel (*141)	130	14	18	19	2	5½	6½
	140	8	11	13	5	10	11
	160	2	–	–	22	–	–
Bass (*1054)	1000	80	107	140	14	28	37
	1050	47	77	105	34	53	60
	1100	23	53	–	65	80	–
C & Wire (*538)	500	54	68	84	8	17	23
	550	22	38	54	29	38	43
	600	7	–	–	68	–	–
Courtaulds (*385)	330	65	66	77	1½	4½	6½
	360	36	42	54	5	11	14
	390	15	24	34	16	24	27
Com. Union (*529)	460	71	78	83	3½	6	13
	500	31	50	58	11	17	25
	550	9	23	30	45	46	51
Fisons (*431)	390	45	62	75	4	9	12
	420	23	40	53	13	18	21
	460	8	21	32	38	39	40
GKN (*364)	330	36	43	47	9	13	20
	360	13	28	32	24	29	35
	390	5	–	–	48	–	–
Grand Met. (*732)	650	97	117	133	4	12	14
	700	57	80	98	12	25	27
	750	26	50	66	34	47	48
I.C.I. (*1038)	1000	45	80	93	37	56	62
	1050	23	55	70	65	74	87
	1100	11	–	–	112	–	–
Kingfisher (*439)	360	88	93	102	1½	4½	6½
	390	60	69	76	3	9	14
	420	35	44	56	9	18	23
Ladbroke (*269)	240	36	38	47	4½	10	13
	260	21	26	37	10	19	22
	280	10	17	26	19	29	32
Land Secur (*540)	500	53	61	68	4	10½	13
	550	20	27	41	21	32	36
	600	4	11	21	63	68	71
M & S (*242)	220	28	33	39	2	6	8
	240	14	21	27	7	13	15
	260	5½	11	17	21	25	28
Sainsbury (*328)	300	36	43	53	2	5	7
	330	16	22	32	10	16	19
	360	4	10	20	34	35	38
Shell Trans. (*472)	420	60	75	85	4	7	11
	460	26	47	56	11	16	22
	500	8	24	–	35	37	–
Storehouse (*116)	110	12	15	18	5	8	9
	120	6	9½	13	9	12	14
	130	3	6	–	17	20	–

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Trafalgar (*264)	240	35	40	49	7	16	21
	260	21	29	35	15	24	29
	280	12	–	–	27	–	–
Utd. Biscuits (*371)	330	45	50	60	3	6	8
	360	19	30	40	11	16	19
	390	5½	15	25	30	34	38
Unilever (*708)	650	67	82	100	5	13	17
	700	28	50	68	24	32	37
	750	10	27	45	58	67	70
Ultramar (*351)	330	26	40	47	9	13	18
	360	11	24	32	25	30	30
	390	3	–	–	50	–	–

Option		Calls Mar	Calls May	Calls Aug	Puts Mar	Puts May	Puts Aug
Elec. Pig. (*£1820)	1800	90	130	–	50	90	–
	1850	60	95	–	70	100	–
Eastern Elec (*165)	160	9	16	20	4	8	12
	180	2	7½	10	17	19	26
Southern Elec (*174)	160	16	22	–	3	6	–
	180	3½	10	–	10	12	–

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
Brit. Aero (*618)	550	77	94	102	13	17	23
	600	41	64	74	30	37	43
BAA (*419)	390	47	53	65	9	16	20
	420	28	36	46	19	28	30
BAT Inds (*680)	650	55	65	77	20	33	40
	700	24	42	53	48	60	65
BTR (*387)	360	34	48	52	10	14	18
	390	18	32	36	24	27	32
Brit. Telecom (*313)	300	28	35	41	6½	12½	14
	330	9½	17	24	22	26	29
Cadbury Sch (*362)	360	18	28	35	17	21	29
	390	7	16	23	40	40	42
Guinness (*805)	800	42	66	82	34	39	43
	850	19	42	59	64	70	74
GEC (*203)	200	15	17	22	7	13	13
	220	5½	8½	13	20	25	24
Hanson (*230)	220	19½	27	32	5½	9	10½
	240	9½	15	20	15	17	18
LASMO (*372)	360	32	43	52	18	23	30
	390	17	28	37	37	40	47
Lucas Inds (*169)	140	33	38	39	2½	3½	5½
	160	17	23	27	8	10	12
P. & O. (*600)	550	61	70	77	14	22	28
	600	27	42	50	39	45	50
Pilkington (*186)	180	19	22	27	8½	15	17
	200	9½	12	18	20	26	28
Prudential (*228)	220	16	24	27	9½	12	15
	240	6½	14	18	21	23	26
Racal (*214)	200	26	32	39	7	10	13
	220	15	21	27	16	20	22
R.T.Z. (*534)	500	45	61	73	16	19	23
	550	20	35	45	41	41	45
Scot. & New (*398)	390	30	38	48	14	22	24
	420	15	23	34	32	38	42
Tesco (*245)	240	–	–	28	–	–	11
	253	8½	14	–	17	20	–
Thames Water (*302)	300	21	25	29	10	18	21
	330	8	11	15	31	37	40

Option		Calls Apr	Calls Jul		Puts Apr	Puts Jul	
STC (*320)	300	–	–	–	¼	¼	–
	330	¼	–	–	–	–	–

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Abbey Nat. (*257)	240	19	24	30	3½	7	10
	260	4½	13	18	13	15	20
Amstrad (*67)	60	9	13	17	1½	4	5½
	70	2	7	9½	5	8½	10½
Barclays (*428)	390	40	49	57	6½	14	20
	420	11	30	38	20	28	35
Blue Circle (*273)	260	19	26	35	5	14	20
	280	8	15	24	16	25	29
British Gas (*242)	240	8½	20	23	5½	9½	14
	260	2	8½	12	19	20	26
Dixons (*175)	160	19	28	30	2½	6½	11
	180	6	15	20	10	15	19
Glaxo (*988)	950	45	90	119	15	30	44
	1000	18	60	90	40	52	67
Hawker Sidd. (*549)	500	60	68	80	7	20	25
	550	20	35	53	23	45	53
Hillsdown (*224)	220	13	23	32	8	19	23
	240	5	14	23	21	30	34
Lonrho (*232)	220	17	28	32	3½	9	13
	240	5	17	21	13	18	23
Midland Bk (*193)	180	17	22	26	8½	16	20
	200	6	12	17	25	28	30
Reuters (*796)	750	58	93	115	15	37	53
	800	28	65	90	34	62	73
R. Royce (*168)	160	11½	16	20	5	9	12
	180	2	7	11	15	22	24
Sears (*90)	90	4	7½	9	3	8	9
	100	1½	3	5½	11	14	16
THF (*272)	260	18	23	33	4	13	16
	280	6	12½	22	15	23	27
Thorn EMI (*710)	700	24	55	60	13	24	38
	750	5½	–	–	45	–	–
TSB (*157)	140	20	25	27	1½	4	6
	160	3½	11	14½	7	11	12
Vaal Reefs (*560)	60	4	9½	11	4	9	11
	70	2½	6	7½	13	14	17
Wellcome (*499)	460	49	72	89	5	17	22
	500	20	47	63	17	33	36

EURO FT-SE INDEX (*2380)

	2225	2275	2325	2375	2425	2475	2525	2625
CALLS								
Mar	171	129	82	51	26	15	7	1
Apr	195	152	115	93	55	37	–	–
May	213	–	135	–	77	–	36	–
Jun	226	–	152	–	96	–	53	27
Sep	272	–	202	–	142	–	95	62
Dec	310	–	243	–	183	–	132	90
PUTS								
Mar	8	11	20	30	60	95	135	230
Apr	15	25	35	55	73	103	–	–
May	20	–	43	–	80	–	140	–
Jun	30	–	56	–	93	–	145	213
Sep	50	–	72	–	107	–	154	208
Dec	60	–	90	–	120	–	164	196

FT-SE INDEX (*2388)

	2200	2250	2300	2350	2400	2450	2500	2600
CALLS								
Mar	203	155	110	73	42	21	9	–
Apr	221	180	137	103	72	46	27	–
May	236	195	157	93	68	48	–	–
Jun	248	202	170	138	110	80	63	32
Dec †	–	–	255	–	196	–	148	100
PUTS								
Mar	5½	8	14	27	51	86	127	–
Apr	14	20	32	47	69	99	136	–
May	22	32	42	57	78	107	143	–
Jun	27	38	47	65	85	122	148	227
Dec †	–	–	78	–	120	–	165	230

March 1 Total Contracts 26,160
Calls 17,950 Puts 8,210
FT-SE Index Calls 4,086 Puts 3,123
Euro FT-SE Calls 2,300 Puts 1,893
*Underlying security price. † Long dated expiry mnths

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CHAMBRE DE COMMERCE ET D'INDUSTRIE DE PARIS

مكتبة من الاهرام

UBS posts earnings fall of 13% but holds payout

By William Dullforce in Geneva

UNION BANK of Switzerland (UBS) yesterday reported a 13.5 per cent fall in net earnings to SFr780m ($591m) in 1990, but proposed an unchanged dividend.

For the first time the bank, the biggest in Switzerland, published consolidated figures in line with directives to European Community banks. Group net earnings at SFr897m were down 9.3 per cent compared with 1989.

Disclosing previously hidden reserves, the group showed reserves of SFr14.3bn, providing share capital and reserves of SFr17.8bn against total liabilities of SFr234bn.

The capital ratio of 7.3 per cent gave UBS "a leading position" among banks that operate on a global basis, Mr Studer, president, said. Provisions of SFr7.6bn took "very adequate account" of the bank's overall risk exposure.

UBS's 1990 results were better than forecast by Mr Studer at the end of October, when he saw a decline in cash flow "closer to 20 per cent than 10".

In the event group cash flow narrowed by 13.6 per cent to SFr2.2bn. The parent bank's cash flow at SFr1.56bn was down by 11.2 per cent; the decline would have been about 13 per cent but for Federal Banking Commission changes in accounting for reserves.

For the parent bank the year was marked by the inverted interest rate structure prevailing in Switzerland and difficult conditions on the securities markets. Net interest income was virtually unchanged at SFr1.73bn but net commission income tumbled by 6.4 per cent to SFr1.7bn.

After a sharp drop from August onwards, earnings recovered towards the end of the year. In the first two months of this year results had been in line with a 1991 budget based on the bank's good 1989 performance, Mr Studer said.

In view of this more positive outlook UBS planned to pay unchanged dividends of SFr135 per bearer share, SFr27 per registered share and SFr5.40 per participation certificate.

● UBS Phillips & Drew, the bank's London-based investment banking operation, almost broke even last year, according to bank officials. No figures were given.

Porsche profits hit by fall in exports

By Andrew Fisher in Frankfurt

PORSCHE, the German manufacturer of sports cars, yesterday announced a drop in pre-tax profits for the first half of 1990-91 following a drop in export business.

The company, which has been recovering from a slump in sales and profits as a result of the US stock market crash of 1987 and the weak dollar, said the pre-tax result was down by 13 per cent to DM65m ($50m) in the six months ended January 1991.

Profits were affected by adverse currency movements, especially the low dollar, rising costs, and the switch in production of the four-cylinder 944 model from the Neckarsulm plant of Audi, part of Volkswagen, to Porsche's plant in Zuffenhausen.

Porsche said it expected the domestic market, as well as those in western Europe and Japan, to be flat in the next few months. In the US, the weak market is being aggravated by the new luxury car tax. Sales in the UK, up sharply in recent years, are suffering from the recession.

For the full year, Porsche expected a slight drop in revenues, but "a satisfactory result overall". In the first half, turnover edged up by 1 per cent to DM1.47bn.

However, there was a big difference between the trend at home, with a 25 per cent jump in sales to DM528m, and in foreign markets, with an 8.5 per cent decline to DM950m. Thus the export share of turnover fell from 71 per cent to 64 per cent.

Unit sales were down by 8 per cent to 14,080 cars, as production of the 944 car was shifted. Sales from Porsche's own production rose by 600 to 10,973 cars, while the switch of the 944 series led to a shortfall of 1,880 cars of this type.

Porsche raised investments and employment during the period. Capital spending was 16 per cent higher at DM88m, while labour rose 6 per cent to 8,700 people.

Benettons cover the sports scene

Haig Simonian surveys the Italian clothing group's expansion plans

After revolutionising the marketing for casual clothes, is Italy's Benetton family about to perform the same tricks with sports equipment?

The instrument this time is not Benetton itself, but Nordica Sportsystem, the Italian ski boot maker in which the Benettons bought a 70 per cent stake in May 1989 through Edizione Holding, their ultimate family holding company.

Since then, Nordica has made a clutch of acquisitions covering not just the skiing season, but the entire sporting scene.

Many of the companies bought are small, specialist producers based in the same region of north-east Italy which the Benettons themselves know best. But others represent famous brands from well outside Italy's immediate confines as part of a policy aimed at building up a squadron of top brand names.

Expansion pushed off at Nordica itself, where the introduction last year of a wide variety of ski-related clothing has helped to raise annual sales by 7 per cent to around L300bn ($263m) last year.

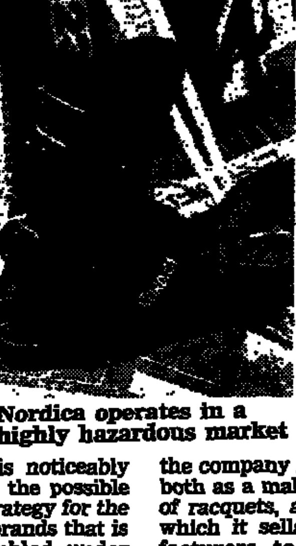
The increase has come despite the appreciation of the lira, notably against the dollar and the yen. That has depressed the lira value of sales in the US and Japan, the two markets which account for 30 per cent and 40 per cent of Nordica's turnover respectively.

Since mid-1990, five takeovers have followed. They include Asolo, an Italian maker of climbing and hiking boots, Modasolaris, a manufacturer of sports-related sunglasses, and Prince, the US sports group best known for its innovative tennis rackets.

Matters went further last month, with Nordica's long-awaited purchase of a leading ski-maker. Its choice, the Austrian Kästle brand, is the world's ninth biggest producer, with an output of some 280,000 pairs of skis last year. The target is to raise production to 400,000 pairs in the next couple years to "become one of the top five producers," says Mr Silvano Storer, Nordica's chief executive.

With skiing and tennis now in the bag, attention is shifting to other sports as the acquisition process gathers pace, he implies.

As the former director general of Stefanel, the Italian clothing group whose marketing skills are a match for Benetton's own, he was an obvious choice to spearhead Nordica's expansion after the Benettons moved in.



Nordica operates in a highly hazardous market

But while happy to talk about acquisitions, Mr Storer is noticeably more cagey about the possible future retailing strategy for the clutch of leading brands that is now being assembled under Nordica's lead.

"The Benetton family feels that the next 20 years will be the years of sport. We will have more free time, and more money, meaning that we will have more sport too," he says.

That emphasis reflects the Benettons' own genuine interest in sport, and the commercial fruits they have reaped in sponsoring a wide range of activities, including Formula 1 motor racing internationally and basketball, volleyball and rugby in Italy.

Although Nordica is the world's biggest ski boot maker, with a strong brand name and a reputation for innovation, it operates in a hazardous business. The market is highly dependent on snow conditions and is very seasonal. Moreover, total sales worldwide are worth no more than $2.5bn, Mr Storer estimates.

Hence the first leg of the Benettons' strategy has involved building up a portfolio of leading brands in order to offer a range of goods "from January 1 to December 31".

The most important development came with last October's purchase of a majority stake in Prince. With sales of around $220m in 1990, the company is well recognised both as a maker of many types of racquets, and for the sticks which it sells to other manufacturers to turn into golf clubs.

Golf is probably the sport at the top of the Benettons' acquisition list at present. Having teed off last month with the $1.5m purchase by Prince of American Ball, a small golf ball maker, the group probably still has some way to go to complete its course.

Meanwhile, expansion into other sports is now more likely through organic growth, Mr Storer implies.

Sneakers and sports shoes could be one area of interest, with the possibility of synergies between Asolo, which sells its boots all over the world, and DiVarese, the Italian shoe manufacturer bought by the Benettons in 1982. Together the two could enter the race in the huge market currently dominated by international names like Nike and Adidas.

Although Mr Storer is certain that the ski goods business is set for further contraction with "the stronger becoming stronger and the weaker closing", one of the main problems Nordica has encountered in its negotiations with virtually every ski manufacturer in the business has been price.

That was also the obstacle that floored its takeover of Look, the small French bindings manufacturer owned by Mr Bernard Tapie. While the Italians offered L10bn to L15bn, the asking price was nearer L50bn, Mr Storer says.

Plans for selling and distributing the brands being bought are less clear. Marketing and distribution practices in the sports goods industry are "very old" compared with the clothes business, Mr Storer notes.

There is considerable scope for changing marketing practices. Research shows that some 55 per cent of all consumer choices of sports equipment is based on advice from the shopkeeper – a far higher proportion than in most other retailing activities.

Retailing analysts will not be surprised to see the gradual introduction of special "corners" in department stores, as Italy's most innovative marketing family gradually explores its new sporting trail.

Heineken up 12.4% at Fl 365.7m

By Ronald van de Krol in Amsterdam

HEINEKEN, the Dutch brewer, said 1990 net profit rose by 12.4 per cent to Fl 365.7m ($215.1m) on turnover up 5 per cent at Fl 8.2bn.

The turnover increase reflected a variety of factors – a rise in volume sales in Europe and on export markets, higher selling prices, and favourable currency movements, especially in the case of African subsidiaries.

Heineken, which did not make a profit forecast for 1991 or give a geographical breakdown of 1990 sales, said it would pay an unchanged cash dividend of Fl 3.50.

Costs were up 4.8 per cent at Fl 7.6bn last year, mainly due to the increased cost of raw materials and packaging and third-party transport. Personnel costs showed only a limited rise, the company said, without giving figures.

Operating profit rose by 7 per cent to Fl 612.5m, well below the 12 per cent increase posted at the level of net profit.

Heineken attributed the difference to developments at El Aguila, its 51.2 per cent-owned Spanish operating company, which posted an unspecified loss due to narrowing margins and higher personnel costs associated with its reorganisation programme.

The Spanish loss weighed fully on Heineken's operating profit, but the loss was shared with third-party shareholders in El Aguila at the level of net profit.

Another reason for the higher rate of growth in net profit than in operating profit was a decline in interest payments last year.

More details of Heineken's 1990 performance are expected on March 27, when it is due to publish its annual report.

SAN MIGUEL, the brewing based group and the largest industrial company in the Philippines, yesterday reported a fall in net profits to 1.8bn pesos ($65m) for 1990, from 2.4bn pesos in 1989. Sales rose to 43.8bn pesos from 36.7bn pesos.

The company said it was boosted by a surge in sales of coconut oil and frozen shrimps in the fourth quarter, but that profits were hit by higher interest charges and lower non-recurring income after tax.

Saurer takes stake in Rieter

SAURER, Swiss parent company for Mr Tito Tettamanti, has bought 6.7 per cent of the capital and 5 per cent of the voting rights in Rieter, the Swiss textile machinery manufacturer which has an annual turnover of SFr1.8bn ($1.35bn), writes William Dullforce.

No price was announced but the current stock market value of the shares is just over SFr30m.

Mr Tettamanti said the stock had been bought in two tranches in agreement with the Rieter board. He was not seeking a larger stake for the time being.

The Saurer group has a textile machinery division with annual sales of around SFr350m whose products complemented Rieter's spinning machines, Mr Tettamanti said.

Aegon lifts bar against Nat-Ned, NMB merger

By Ronald van de Krol

AEGON, the Dutch insurance group, has given up its opposition to the merger between its chief rival, Nationale-Nederlanden, and NMB Postbank, virtually guaranteeing that the link-up will now go ahead.

After weeks of trying to block the merger, Aegon yesterday tendered its Nat-Ned shares – representing more than 10 per cent of Nat-Ned's capital – for shares in the new banking-to-insurance group, Internationale Nederlanden.

The share-swap offer, which Aegon and other Dutch institutional investors had described as being unfair to Nat-Ned shareholders, expired yesterday at 3 pm. In line with usual Dutch practice, the Amsterdam bourse suspended trading in both Nat-Ned and NMB Postbank as soon as the offer deadline ran out.

Nat-Ned, the largest Dutch insurer, and NMB Postbank, the country's third-biggest bank, are expected to announce the total number of acceptances on Monday or Tuesday. The offer will be declared unconditional if more than 90 per cent of shares are tendered, but the merger may go ahead even if the partners win acceptances of only 51 per cent.

Aegon's capitulation is significant because the company was Nat-Ned's single biggest shareholder and the merger's most vocal critic.

Harnischfeger buys into Polish group

HARNISCHFEGER Industries of the US has bought 80 per cent of a Polish factory, becoming the first foreign investor to take control of a state company in Poland, Reuter reports from Warsaw.

The US group paid $7m for its stake in the Fampa factory, the biggest manufacturer of paper-producing machines in central Europe. Fampa's turnover was 150bn zlotys ($15.8m) in 1990.

EC to inquire into Bosch and Varta battery merger

By Andrew Fisher

THE proposed car battery merger between Robert Bosch and Varta, both based in Germany, which is aimed at creating a company with a turnover of around DM900m ($600m) and 4,400 employees, will be investigated by the European Commission.

The two companies have a combined market share in this sector of around 20 per cent. The aim behind the venture is to create an operation which can compete more effectively in an increasingly tough market and save on costs of development and of meeting environmental standards.

Bosch said the Commission was making the investigation because the turnover of the parent companies exceeded the threshold at which such a move was triggered. The Commission can reject deals which it feels raise competitive objections.

Varta and Bosch said when announcing the deal that they would apply to Brussels for clearance. The Commission has to pass the deal within a month or continue its investigation if it believes that the merger of the two companies' starter battery activities could dominate the market.

Recently, it began a full-scale enquiry into a proposed battery merger between CEAC, part of Alcatel Alsthom of France, and Magneti Marelli, owned by Fiat, arguing that this could give them too much of the French market.

Revlon junk bonds rise on news of possible sale

By Karen Zagor in New York

MR RONALD Perelman, the New York financier whose debt is estimated at more than $3bn, is understood to be discussing the sale of all or part of his Revlon cosmetics and health care empire which he acquired in a $1.83bn hostile takeover in 1985, financed partly through high yield junk bonds.

Revlon's junk bonds have traded at a discount of as much as 50 per cent of face value amid concern that the company might have trouble meeting its debt repayments, but speculation that part of the business might be sold sent Revlon's 11.75 per cent senior notes climbing to 88 per cent earlier this week, close to their 52-week high of 93¼ per cent.

The euphoria started to ebb yesterday, however, and the bonds slid to 87 per cent at mid-day.

Bankers confirmed that discussions about a possible sale were taking place but declined to name possible suitors.

There was market speculation that France's L'Oréal and the Anglo-Dutch group Unilever, the two biggest players in the global beauty and cosmetics industry, might be interested. Procter & Gamble, the US consumer products group, might also be interested in part of Revlon.

L'Oréal, which would not comment on any possible transactions, suggested that Mr Perelman might be trying to talk up the price of the company.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1990/91	Low 1990/91
Gold per troy oz.	$366.55	+7.80	$403.50	$420.25	$345.75
Silver Per troy oz	198.05p	+10.90	308.95p	323.50p	185.15p
Aluminium 99.7% (cash)	$1541.0	+17.0	$1546.0	$2227.5	$1380.0
Copper Grade A (cash)	£1318.5	+35.5	£1546.0	£1798.0	£1172.5
Lead(cash)	£314.0	+12.0	£568.5	£790	£296
Nickel (cash)	$8562.5	-200.0	$8675	$11375	$8075
Zinc SHG (cash)	$1223.0	+28.5	$1532.5	$1869	$1167
Tin (cash)	$5585.0	-5.0	$6330.0	$7020	$5545
Cocoa Futures (May)	£633	+2	£712	£967	£622
Coffee Futures (May)	£548	-1	£675	£757	£528
Sugar (LDP Raw)	$227.0	+13.8	$345.0	$386.4	$209.0
Barley Futures (May)	£120.20	+1.40	£107.10	£120.45	£103.45
Wheat Futures (May)	£131.00	+2.20	£115.30	£131.00	£111.00
Cotton Outlook A Index	85.70c	+1.00	77.55c	92.70c	73.70c
Wool (64s Super)	330p	-35	548p	580p	330p
Oil (Brent Blend)	$18.55w	+1.75	$19.30	$39.175	$15.575

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. w-April

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$14.10-4.35	-.25
Brent Blend (dated)	$19.20-9.30	-.375
Brent Blend (April)	$18.50-8.60	-.275
W.T.I. (1 pm est)	$19.00-9.10	-.425

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$237-242	-2.5
Gas Oil	$195-198	-5
Heavy Fuel Oil	$69-71	-0.5
Naphtha	$211-213	-7.5
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$366.55	+1.80
Silver (per troy oz)♣	372.50c	+3.00
Platinum (per troy oz)	$405.85	+1.85
Palladium (per troy oz)	$86.35	+0.75
Aluminium (free market)	$1540	+5
Copper (US Producer)	118⅝c	+⅞
Lead (US Producer)	35⅞c	
Nickel (free market)	397c	-8
Tin (Kuala Lumpur market)	15.00r	-0.03
Tin (New York)	260.0c	-1.0
Zinc (US Prime Western)	62c	
Cattle (live weight)†	107.06p	-0.25*
Sheep (dead weight)†	149.34p	+6.00*
Pigs (live weight)†	88.33p	+2.09*
London daily sugar (raw)	$227.0w	-7.0
London daily sugar (white)	$308.0w	+1.5
Tate and Lyle export price	£227.0	-2.5
Barley (English feed)	£121.5	
Maize (US No. 3 yellow)	£171.00	
Wheat (US Dark Northern)	£93	
Rubber (Apr)♥	48.75p	+0.25
Rubber (May)♥	49.25p	+0.25
Rubber (KL RSS No 1 Mar)	226.5m	
Coconut oil (Philippines)§	$365.0q	+2.5
Palm Oil (Malaysian)§	$355.0x	+5.0
Copra (Philippines)§	$240.0t	+2.5
Soyabeans (US)	£143.5	+2.0
Cotton "A" Index	85.70c	+0.80
Wooltops (64s Super)	330p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Apr/May. t-Apr. w-Mar/Apr z-Jan/Feb. x-Mar. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
May	204.00	196.00	205.00 195.00
Aug	202.20	197.00	202.20 196.00
Oct	199.00	192.80	199.40 194.40
Dec	200.00	194.60	200.00 196.00
Mar	198.00	192.80	198.00 194.60
May	200.60	195.20	198.00
White	**Close**	**Previous**	**High/Low**
May	306.0	298.3	306.0 298.8
Aug	303.0	296.3	302.0 296.0
Oct	277.0	270.0	271.0
Dec	272.5	264.5	267.0

Turnover: Raw 1635 (2194) lots of 50 tonnes. White 818 (1009)
Paris- White (FFr per tonne): May 1596, Aug 1590, Oct 1441.

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Apr	18.45	18.68	18.70 18.35
May	17.65	17.85	17.90 17.55
Jun	17.12	17.35	17.38 17.10
Jul	16.95	17.00	16.95
Sep	17.00		17.00
IPE Index	18.48	17.83	

Turnover 11645 (13942)

GAS OIL – IPE $/tonne

	Latest	Previous	High/Low
Mar	180.50	180.50	180.75 176.00
Apr	166.25	166.75	169.50 165.50
May	161.50	160.00	166.00 160.00
Jun	158.00	158.50	161.50 158.00
Jul	160.75	159.25	162.00 160.00
Aug	162.00	161.25	163.00 161.00

Turnover 5339 (14213) lots of 100 tonnes

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Mar	602	606	612 600
May	633	639	649 632
Jul	663	670	677 662
Sep	687	696	700 685
Dec	717	724	729 714
Mar	743	749	754 743
May	763	768	771 764

Turnover: 5625 (16761) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Feb 28 851.61 (840.38) 10 day average for Mar 1 858.20 (857.31)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
Mar	524	514	526 518
May	548	534	550 542
Jul	564	556	568 560
Sep	584	574	582 578
Nov	601	591	599 598
Jan	616	607	618
Mar	632		630

Turnover: 4354 (17302) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Feb 28: Comp. daily 71.95 (71.40). 15 day average 71.43 (71.14)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Apr	124.2	125.4	124.5 123.0

Turnover 70 (84) lots of 40 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Jun	113.50	112.50	113.50 112.00
Aug	115.50	115.00	115.50 115.00

Turnover 180 (130)lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Mar	1618	1626	1635 1615
Apr	1447	1456	1465 1447
Jul	1146	1150	1155 1145
Oct	1237		1240
BFI	1707	1704	

Turnover 268 (300)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
Mar	127.70	126.50	128.00 127.00
May	131.00	129.95	131.20 130.10
Jun	132.80	131.90	133.10 132.05
Sep	110.30	110.00	110.30
Nov	113.50	113.10	113.60 113.35
Jan	117.20	116.90	117.25
Mar	120.10	119.85	120.25
Barley	**Close**	**Previous**	**High/Low**
May	120.20	118.60	120.20 119.00
Nov	111.25	110.85	111.25

Turnover: Wheat 741 (488), Barley 170 (111).
Turnover lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Mar	114.0	114.0	113.5
Jun	111.0		111.0
Jul	109.0		109.0
Aug	109.0	109.5	109.0
Sep	109.5		109.0
Oct	110.0		109.5
Nov	110.5		110.0

Turnover: 83 (34) lots of 3,250 kg

NOMI – London FOX

	Close	Prev.	High	Low	Vol
Indx	157.81	159.38			
Mar	158.60	159.10	158.70	157.80	115
Apr	158.10	160.00	158.90	157.60	95
May	158.10	159.20	158.10		20
Jun	157.80	159.40	158.40	157.50	300

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 12,998 lots
Cash	1540-2	1546-8	1536/1534	1535-6		
3 months	1570-1	1576-7	1575/1564	1564-5	1570-1	15,679 lots
Copper, Grade A (£ per tonne)						Total daily turnover 30,630 lots
Cash	1318-9	1326-8	1318/1310	1310-1		
3 months	1308-9	1309-10	1311/1299	1302-3	1310-1	96,303 lots
Lead (£ per tonne)						Total daily turnover 3,104 lots
Cash	313-5	317-7.5	314/313	313.5-3.75		
3 months	324-5	327-8	326/324	325.5-6	324.5-5.5	13,544 lots
Nickel ($ per tonne)						Total daily turnover 1,874 lots
Cash	8550-75	8620-5	8550	8540-50		
3 months	8505-10	8580-1	8545/8505	8545-50	8600-10	13,813 lots
Tin ($ per tonne)						Total daily turnover 1,413 lots
Cash	5580-90	5610-20	5596	5596-7		
3 months	5680-5	5705-15	5710/5680	5695-700	5675-80	1,485 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 5,528 lots
Cash	1222-4	1217-8	1214	1214-6		
3 months	1210-2	1204-5	1217/1197	1203-4	1213-5	18,424 lots

LME Closing £/$ rate:
SPOT: 1.9015 3 months: 1.8748 6 months: 1.8566 9 months: 1.8395

LONDON BULLION MARKET
(Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	366.30-366.60	
Opening	367.00-367.50	
Morning fix	367.45	193.344
Afternoon fix	366.90	192.720
Day's high	367.60-368.10	
Day's low	365.90-366.30	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	5.73	6 months	5.33
2 months	5.61	12 months	5.21
3 months	5.55		

Silver fix	p/fine oz	US cts equiv
Spot	197.60	375.50
3 months	203.70	381.70
6 months	209.15	387.80
12 months	219.55	400.50

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	368.00-369.00	193.30-193.80
Maple leaf	378.50-379.50	198.80-199.30
New Sovereign	89.00-90.00	46.75-47.25

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	May	Mar	May
1450	95	125	0	10
1550	14	56	16	40
1650	0	19	102	100
Copper (Grade A)	**Calls**		**Puts**	
2350	140	145	30	1
2450	80	55	70	10
2550	40	8	130	63
Coffee	**May**	**Jul**	**May**	**Jul**
500	67	96	19	32
550	39	68	41	54
600	21	49	73	86
Cocoa	**May**	**Jul**	**May**	**Jul**
600	63	105	30	43
650	38	78	55	66
700	23	59	90	97
Brent Crude	**Apr**	**May**	**Apr**	**May**
1700			17	
1800				
1900				

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Mar	367.0	367.4	366.0	366.0
Apr	368.6	369.0	369.9	367.3
May	370.3	370.7	0	0
Jun	372.0	372.5	373.2	370.8
Aug	375.3	375.8	376.1	374.9
Oct	378.7	379.2	379.2	0
Dec	382.2	382.7	382.6	380.8
Feb	385.9	386.3	387.0	0
Apr	389.5	389.9	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	406.4	405.7	407.0	401.5
Jul	410.9	410.0	412.0	406.0
Oct	415.2	414.2	414.0	412.0
Jan	418.6	417.6	419.0	416.0
Apr	423.6	422.6	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Mar	377.3	372.9	378.0	369.5
Apr	379.3	374.8	378.0	374.5
May	381.8	377.3	382.5	373.5
Jul	386.5	382.0	386.0	379.0
Sep	391.3	386.8	388.5	384.0
Dec	398.3	393.9	400.0	392.0
Jan	399.7	395.3	0	0
Mar	405.6	401.3	403.5	399.0
May	410.6	406.4	407.0	0
Jul	415.8	411.6	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	113.70	114.70	114.40	113.10
Apr	112.20	112.80	112.30	112.30
May	110.90	111.60	111.60	110.20
Jun	110.00	110.50	110.10	110.10
Jul	108.95	109.45	109.50	108.60
Aug	108.20	108.65	0	0
Sep	107.45	107.85	0	0
Oct	106.75	107.10	0	0
Nov	106.20	106.55	0	0
Dec	105.55	105.85	106.80	105.40

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Apr	19.12	19.16	19.18	18.85
May	18.76	18.76	18.77	18.47
Jun	18.45	18.42	18.45	18.20
Jul	18.30	18.24	18.30	18.07
Aug	18.20	18.19	18.25	18.05
Sep	18.30	18.23	18.30	18.15
Nov	18.40	18.32	18.45	18.35

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Apr	5460	5522	5505	5425
May	5170	5180	5205	5125
Jun	5055	5030	5065	4995
Aug	5090	5040	5110	5000
Sep	5250	5175	5250	5200
Nov	5425	5375	5425	5425
Dec	5550	5475	5550	5475

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1085	1110	1115	1098
May	1121	1138	1146	1115
Jul	1155	1172	1177	1150
Sep	1188	1200	1210	1184
Dec	1231	1251	1254	1227
Mar	1271	1291	1291	1267
May	1302	1316	1300	0
Jul	1327	1346	1334	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	90.60	90.15	91.50	90.20
May	92.70	92.75	93.70	92.15
Jul	94.80	95.00	95.60	94.40
Sep	96.95	97.10	97.50	96.75
Dec	99.90	98.95	0	99.50
Mar	102.70	103.25	102.20	102.20
May	103.90	105.05	104.50	103.90
Jul	106.25	106.80	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	9.16	8.78	9.19	8.85
Jul	8.78	8.54	8.80	8.60
Oct	8.66	8.49	8.70	8.52
Mar	8.95	9.68	9.51	8.80
May	8.82	8.67	8.87	8.86
Jul	8.98	8.78	0	0
Jul	8.78	8.75	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	88.20	87.10	88.40	87.70
May	88.40	87.43	88.86	88.10
Jul	86.60	85.98	87.30	86.45
Oct	73.05	72.77	73.55	72.98
Dec	68.25	68.13	68.50	68.00
May	69.50	68.80	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	112.35	111.35	113.25	110.90
May	111.60	111.10	112.45	109.80
Jul	112.35	112.00	113.10	110.80
Sep	113.25	113.30	113.00	112.00
Nov	113.25	0	113.00	112.00

INDICES

REUTERS (Base: September 18 1931 = 100)

Mar 1	Feb 28	mnth ago	yr ago
1686.3	1690.9	1656.5	1649.5

DOW JONES (Base: Dec. 31 1974 = 100)

	Feb 28	Feb 27	mnth ago	yr ago
Spot	124.87	123.90	122.00	131.09
Futures	129.77	128.09	124.93	132.78

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	586/6	575/6	589/4	576/6
May	597/4	588/0	601/2	588/2
Jul	610/0	600/4	614/0	601/2
Aug	615/0	605/4	618/4	606/4
Sep	616/0	608/2	621/0	610/0
Nov	625/2	619/0	630/0	619/0
Jan	635/4	630/2	639/4	630/0
Mar	647/0	641/0	650/0	640/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	22.19	21.64	22.27	21.66
May	22.47	21.98	22.82	22.02
Jul	22.77	22.32	22.90	22.33
Aug	22.80	22.38	22.95	22.45
Sep	22.83	22.46	22.95	22.50
Oct	22.83	22.50	23.00	22.55
Dec	23.07	22.75	23.20	22.70
Jan	23.07	22.75	23.18	22.90

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	170.1	[illegible]	171.6	167.8
May	173.1	[illegible]	174.9	170.8
Jul	176.9	[illegible]	176.9	174.3
Aug	178.7	[illegible]	180.0	176.5
Sep	180.5	[illegible]	181.8	179.0
Oct	181.5	[illegible]	182.5	178.5
Dec	185.0	[illegible]	186.0	182.0
Jan	184.9	[illegible]	0	0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	244/0	[illegible]	244/4	241/0
May	254/6	[illegible]	255/4	251/2
Jul	262/0	[illegible]	263/2	259/0
Sep	263/6	[illegible]	265/6	260/6
Dec	266/2	[illegible]	267/4	263/4
Mar	273/4	[illegible]	274/4	270/2
May	278/6	[illegible]	279/0	276/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	269/0	[illegible]	259/0	259/4
May	278/6	[illegible]	279/0	269/4
Jul	289/0	[illegible]	289/4	280/2
Sep	297/4	[illegible]	297/4	289/4
Dec	310/6	[illegible]	311/0	302/4
Mar	318/0	[illegible]	318/0	314/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	80.22	80.22	80.65	80.00
Jun	77.07	77.02	77.35	76.80
Aug	74.87	74.65	75.07	74.50
Oct	75.00	75.12	75.30	74.90
Dec	75.80	75.90	76.10	75.75
Feb	75.70	75.75	76.00	75.70
Apr	76.10	75.70	76.10	0

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	51.70	51.87	52.70	51.42
Jun	56.47	56.77	57.75	56.30
Jul	56.02	56.32	56.95	55.85
Aug	53.20	53.20	53.97	53.05
Oct	47.72	47.65	48.22	47.67
Dec	47.20	47.30	47.75	47.20
Feb	47.32	47.32	47.70	0
Apr	45.50	45.45	45.85	45.15

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	63.95	64.12	65.80	63.40
May	64.12	63.80	65.80	63.50
Jul	63.30	62.87	64.87	62.55
Aug	61.30	60.80	62.80	60.70
Feb	58.00	59.10	60.10	58.00
Mar	59.00	58.68	59.50	59.00

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar keeps its attraction

THE DOLLAR moved up towards technical resistance levels in late European trading, boosted by hopes that an end to the Gulf war will speed up the US economy's move out of recession.

This followed earlier strength in the Far East, on reports that Kuwaiti sources had sold Japanese government bonds and converted large amounts of yen into dollars.

Economic news was not particularly encouraging, but the dollar shrugged off a fall of 0.4 per cent in the January index of leading indicators. This meant that leading indicators had fallen for six successive months, after the December figure was revised to a fall of 0.1 per cent from the earlier published rise of 0.1 per cent.

The last time the index gained was in June 1990, when it rose 0.1 per cent. It was flat in July and dropped in each following month as the economy sank into recession.

There was also some disappointment that the National Association of Purchasing Managers monthly index rose to only 38.5 per cent in February. This was above the January figure of 37.7, but below market expectations of 38.8 per cent. A figure below 44 per cent indicates that US growth is negative and the index has been below that level since last October.

Nevertheless the dollar moved up to attack resistance levels of DM1.5380 and Y134.60. It touched a peak of DM1.5390, before closing in London at DM1.5370 against DM1.5265 previously. The dollar also rose to a high of Y134.65 and finished at Y134.50 compared with Y133.00 on Thursday.

At the London close the US currency had advanced to SFr1.3315 from SFr1.3260 and to FFr5.2350 from FFr5.1950. On Bank of England figures its index rose to 61.9 from 61.5.

Sterling lost ground to the strong dollar, but was steady within the European Monetary System. Figures on UK money supply and bank lending were in line with most forecasts and had little impact.

Action by the Bank of England on the London money market was designed to dampen speculation about further early cuts in UK bank base rates, but did not change the generally bullish view.

The pound remained above the weakest placed French franc in the EMS exchange rate mechanism and was unchanged against the D-Mark despite expectations that base rates will be cut again around the time of this month's Budget.

Sterling fell 1¼ cents to $1.8980, and to SFr2.5275 from SFr2.5325, but was unchanged at DM2.9175, while improving to FFr9.9350 from FFr9.9250 and to Y255.25 from Y254.00. The pound's index declined 0.1 to 93.7.

£ IN NEW YORK

Mar.1	Latest	Previous Close
£ Spot	1.8970-1.8980	1.9120-1.9130
1 month	1.01-0.99pm	1.00-0.98pm
3 months	2.68-2.65pm	2.70-2.67pm
12 months	7.75-7.65pm	7.87-7.77pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Mar.1	Previous
8.30 am	93.8	93.8
9.00 am	93.8	93.9
10.00 am	93.7	93.8
11.00 am	93.7	93.8
Noon	93.7	93.8
1.00 pm	93.8	93.8
2.00 pm	93.7	93.8
3.00 pm	93.7	93.8
4.00 pm	93.7	93.8

CURRENCY RATES

Mar 1	Bank rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.740438	0.702150
U.S Dollar	6.00	1.42069	1.33444
Canadian $	10.02	1.63347	1.53660
Austrian Sch	7	15.1769	14.4253
Belgian Franc	10.50	44.4164	42.2249
Danish Krone	9½	8.28453	7.88118
D-Mark	6.50	2.15949	2.05036
Dutch Guilder	7.75	2.43152	2.31111
French Franc	10¼	7.35408	6.98511
Italian Lira	12½	1614.61	1532.60
Japanese Yen	6	187.510	179.308
Norway Krone	8	8.43937	8.01663
Spanish Peseta	-	134.537	127.786
Swedish Krona	11	8.00753	7.60762
Swiss Franc	6.00	1.87084	1.77680
Greek Drach	19	N/A	220.716
Irish Punt	-	N/A	0.768463

† European Commission Calculations.
* All SDR rates are for Feb.28

CURRENCY MOVEMENTS

Mar 1	Bank of England Index	Morgan** Guaranty Changes %
Sterling	93.7	-19.0
U.S Dollar	61.9	-17.7
Canadian Dollar	102.7	+1.9
Austrian Schilling	110.4	+12.4
Belgian Franc	112.5	-1.4
Danish Krone	110.8	+5.0
D-Mark	119.9	+25.9
Swiss Franc	112.6	+20.6
Dutch Guilder	115.3	+16.8
French Franc	104.1	-12.3
Lira	100.3	-18.8
Yen	131.7	+66.6

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Feb.28.

OTHER CURRENCIES

Mar 1	£	$
Argentina	18943.0 - 19010.0	9970.00 - 9980.00
Australia	2.4240 - 2.4260	1.2740 - 1.2750
Brazil	425.10 - 425.75	223.75 - 223.95
Finland	7.0355 - 7.0490	3.7040 - 3.7070
Greece	311.40 - 316.40	163.60 - 166.25
Hong Kong	14.8070 - 14.8210	7.7915 - 7.7935
Iran	124.20	63.10
Korea(Sth)	1377.55 - 1399.80	721.60 - 727.20
Kuwait	N/A	N/A
Luxembourg	59.85 - 59.95	31.50 - 31.60
Malaysia	5.1795 - 5.1880	2.7210 - 2.7230
Mexico	5650.60 - 5655.50	2974.00 - 2975.00
N.Zealand	3.1630 - 3.1680	1.6625 - 1.6645
Saudi Ar	7.1230 - 7.1270	3.7490 - 3.7510
Singapore	3.2875 - 3.2950	1.7285 - 1.7305
S.Af (Cm)	4.9075 - 4.9200	2.5840 - 2.5860
S.Af (Fn)	6.0125 - 6.1095	3.1645 - 3.2155
Taiwan	51.50 - 51.60	27.10 - 27.15
U.A.E.	6.9765 - 6.9810	3.6720 - 3.6740

* Selling rate

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.8980	1.8882	1.8713	1.8515	1.8215
D-mark	2.9175	2.9079	2.8926	2.8710	2.8512
French Fr.	9.9350	9.9031	9.8564	9.8133	9.7475
Swiss Fr.	2.5275	2.5176	2.5005	2.4811	2.4436
Yen	255.25	254.25	252.43	250.09	245.77

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Mar 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8970 - 1.9065	1.8975 - 1.8985	1.00-0.97cpm	6.23	2.69-2.65pm	5.63
Ireland†	1.7345 - 1.7440	1.7375 - 1.7385	0.59-0.54cpm	3.90	1.75-1.65pm	3.91
Canada	1.1490 - 1.1545	1.1525 - 1.1535	0.28-0.30cdis	-3.02	0.82-0.87dis	-2.93
Netherlands	1.7240 - 1.7335	1.7310 - 1.7320	0.31-0.33cdis	-2.22	0.94-0.98dis	-2.22
Belgium	31.45 - 31.70	31.50 - 31.60	5.00-7.00cdis	-2.28	17.00-21.00dis	-2.41
Denmark	5.8745 - 5.9075	5.8925 - 5.8975	1.40-1.70oredis	-3.16	4.50-5.10dis	-3.26
Germany	1.5285 - 1.5390	1.5365 - 1.5375	0.28-0.30pfdis	-2.26	0.84-0.87dis	-2.23
Portugal	134.40 - 134.55	134.45 - 134.55	80-90cdis	-7.58	250-275dis	-7.81
Spain	94.30 - 95.85	95.50 - 95.60	60-63cdis	-7.72	167-174dis	-7.14
Italy	1143.00 - 1150.00	1148.75 - 1149.25	5.40-5.80liredis	-5.85	15.40-16.40dis	-5.54
Norway	5.9800 - 6.0125	5.9875 - 5.9925	1.88-2.23oredis	-4.12	5.65-6.15dis	-3.94
France	5.2045 - 5.2410	5.2325 - 5.2375	1.01-1.06cdis	-2.37	3.20-3.30dis	-2.48
Sweden	5.6850 - 5.7085	5.6875 - 5.6925	2.37-2.62oredis	-5.26	7.10-7.55dis	-5.15
Japan	133.90 - 134.70	134.45 - 134.55	0.16-0.18ydis	-1.52	0.39-0.43dis	-1.22
Austria	10.7670 - 10.8200	10.7950 - 10.8000	1.80-2.20grodis	-2.22	5.50-6.60dis	-2.24
Switzerland	1.3235 - 1.3340	1.3310 - 1.3320	0.15-0.18cdis	-1.49	0.43-0.47dis	-1.35
Ecu	1.3355 - 1.3435	1.3375 - 1.3385	0.30-0.28cpm	2.60	0.90-0.87pm	2.65

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

POUND SPOT - FORWARD AGAINST THE POUND

Mar 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8970 - 1.9065	1.8975 - 1.8985	1.00-0.97cpm	6.23	2.69-2.65pm	5.63
Canada	2.1840 - 2.1935	2.1875 - 2.1885	0.65-0.57cpm	3.35	1.56-1.42pm	2.72
Netherlands	3.2800 - 3.2925	3.2825 - 3.2925	1⅛-1cpm	3.88	2⅝-2¼pm	3.42
Belgium	59.80 - 60.25	59.85 - 59.95	23-17cpm	4.01	54-44pm	3.27
Denmark	11.1750 - 11.2250	11.1825 - 11.1925	3⅝-2½orepm	3.15	7¾-6¼pm	2.50
Ireland	1.0895 - 1.0990	1.0920 - 1.0930	0.25-0.17ppm	2.31	0.58-0.39pm	1.78
Germany	2.9135 - 2.9205	2.9150 - 2.9200	1-⅞pfpm	3.86	2½-2⅜pm	3.34
Portugal	254.10 - 256.10	254.20 - 255.20	17-39cdis	-1.32	107-149dis	-2.01
Spain	181.10 - 182.15	181.10 - 181.40	21-34cdis	-1.82	64-86dis	-1.66
Italy	2174.70 - 2181.60	2180.25 - 2181.25	1⅜-¼lirepm	0.45	2¼pm-¼dis	0.16
Norway	11.3650 - 11.4200	11.3650 - 11.3750	2⅝-1⅝orepm	2.24	5⅝-4¼pm	1.74
France	9.9170 - 9.9445	9.9300 - 9.9400	3⅜-3⅛cpm	3.93	8½-7⅝pm	3.17
Sweden	10.7950 - 10.8560	10.7950 - 10.8050	1⅜-⅝orepm	1.11	2⅛-1pm	0.58
Japan	254.75 - 255.80	254.75 - 255.75	1⅛-1ypm	5.00	2⅞-2¼pm	4.41
Austria	20.45 - 20.56	20.45 - 20.48	7¼-6¼gropm	3.92	18-15¼pm	3.30
Switzerland	2.5225 - 2.5350	2.5225 - 2.5325	1⅛-⅞cpm	4.75	2¾-2⅝pm	4.25
Ecu	1.4150 - 1.4220	1.4160 - 1.4170	0.46-0.40cpm	3.64	1.11-1.02pm	3.01

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.68-4.63cpm . 12 Month 7.70-7.60pm

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Mar 1	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	127.786	-4.37	5.94	76
Belgian Franc	42.4032	42.2249	-0.42	1.73	28
Italian Lira	1538.24	1532.60	-0.37	1.68	25
D-Mark	2.05586	2.05036	-0.27	1.58	27
Dutch Guilder	2.31643	2.31111	-0.23	1.54	19
Irish Punt	0.767417	0.768463	0.14	1.17	1
Danish Krone	7.84195	7.88118	0.50	0.80	-16
Sterling	0.696904	0.702150	0.75	0.55	-15
French Franc	6.89509	6.98511	1.31	0.00	-63

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

Mar 1	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	13¼ - 13⅛	13¼ - 13⅛	13⅛ - 13⅛	12⅞ - 12¾	12⅝ - 12½	11⅞ - 11¾
US Dollar	6¾ - 6⅝	6½ - 6⅜	7⅛ - 6⅞	6⅞ - 6¾	6⅞ - 6¾	7¼ - 7⅛
Can. Dollar	9⅝ - 9⅜	9¾ - 9½	9¾ - 9½	9⅝ - 9½	9¾ - 9½	9⅝ - 9½
Dutch Guilder	9⅛ - 8⅝	9⅛ - 8⅝	9 - 8⅞	9 - 8⅞	9 - 8⅞	9⅛ - 8⅞
Swiss Franc	8⅝ - 8⅜	8⅞ - 8¾	8⅝ - 8½	8⅛ - 8	8⅛ - 8	7⅞ - 7¾
D-Mark	9⅛ - 8⅞	9⅛ - 8⅞	9⅛ - 8⅞	9⅛ - 8⅞	9⅛ - 8⅞	9⅛ - 8⅞
French Franc	9¾ - 9⅝	9¾ - 9⅝	9⅞ - 9⅝	9⅞ - 9¾	9½ - 9⅜	9⅞ - 9¾
Italian Lira	13 - 11	13¼ - 12¾	13 - 12½	12¾ - 12½	12½ - 12¼	12½ - 12¼
Belgian Franc	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½
Yen	8¼ - 8⅛	8¼ - 8⅛	8⅝ - 8½	8⅛ - 8	7⅞ - 7¾	7½ - 7⅜
Danish Krone	10⅝ - 10⅜	10⅝ - 10⅜	10⅝ - 10⅜	10⅝ - 10⅜	10⅝ - 10⅜	10⅝ - 10⅜
Asian $Sing	6⅞ - 6¾	6⅞ - 6¾	6⅞ - 6¾	6¾ - 6⅝	6¾ - 6⅝	7 - 6⅞

Long term Eurodollars: two years 7⅝-7½ per cent; three years 8⅛-8 per cent; four years 8⅜-8¼ per cent; five years 8⅝-8½ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Mar.1	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.898	2.918	255.3	9.935	2.528	3.288	2181	2.188	59.90
$	0.527	1	1.537	134.5	5.234	1.332	1.732	1149	1.153	31.56
DM	0.343	0.650	1	87.49	3.405	0.866	1.127	747.4	0.750	20.53
YEN	3.917	7.434	11.43	1000.	38.92		12.88	8543	8.570	234.6
F Fr.	1.007	1.910	2.937	257.0	10.	2.545	3.310	2195	2.202	60.29
S Fr.	0.396	0.751	1.154	101.0	3.930	1	1.301	862.7	0.866	23.69
H Fl.	0.304	0.577	0.887	77.65	3.022	0.769	1	663.3	0.665	18.22
Lira	0.459	0.870	1.338	117.1	4.555	1.159	1.508	1000.	1.003	27.46
C $	0.457	0.867	1.334	116.7	4.541	1.155	1.503	996.8	1	27.38
B Fr.	1.669	3.169	4.871	426.2	16.59	4.220	5.489	3641	3.653	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS; LIFFE US TREASURY BOND FUTURES OPTIONS; LIFFE EURO FUTURES OPTIONS; LIFFE EUROMARK OPTIONS; LIFFE EURODOLLAR OPTIONS; LIFFE SHORT STERLING OPTIONS

[illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT; US TREASURY BONDS 8%; 6% NOTIONAL GERMAN GOVT. BOND; 6% NOTIONAL LONG TERM JAPANESE GOVT. BOND; THREE MONTH STERLING; THREE MONTH EURODOLLAR; THREE MONTH EUROMARK; THREE MONTH ECU; FT-SE 100 INDEX; EURO SWISS FRANC; FT FOREIGN EXCHANGE RATES; DM-STERLING

[illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8%; JAPANESE YEN (IMM); DEUTSCHE MARK (IMM); U.S. TREASURY BILLS (IMM); THREE-MONTH EURODOLLAR (IMM); SWISS FRANC (IMM); STANDARD & POORS 500 INDEX; PHILADELPHIA SE £/$ OPTIONS; 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls March	Calls June	Calls Sept.	Puts March	Puts June	Puts Sept.
102	-	-	-	-	0.33	0.64
103	-	-	-	-	0.50	0.92
104	-	-	-	-	0.77	1.20
105	-	1.47	1.93	-	1.15	-
106	-	0.96	-	-	1.61	-
107	-	0.58	1.03	-	-	-
Open Int	83,349	17,049	90,768	9,698	N/A	N/A

Estimated volume 30,809 Total Open Interest 200,864

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Close	Change	High	Low	Yield	Open Int
March	90.51	90.46	-0.09	90.55	90.45	9.54	15,217
June	90.77	90.73	-0.09	90.80	90.73	9.27	17,697
September	90.94	90.90	-0.09	90.96	90.89	9.11	4,050
December	91.05	91.00	-0.09	91.05	91.00	9.01	2,634

Estimated volume 10,097 Total Open Interest 39,598

CAC-40 FUTURES (MATIF) Stock Index

	Open	Close	Change	High	Low	Open Int
March	1754.0	1766.0	-7.0	1766.0	1744.0	7,587
April	1769.0	1761.5	-23.5	1769.0	1761.5	4
May	1781.0	1781.0	-	1781.0	1781.0	0
June	-	-	-	-	-	200

Estimated volume 9,095 Total Open Interest 7,791

MONEY MARKETS

Bank reaffirms rate

RATES WERE generally steady on the London money market yesterday, but the longer end had a firmer tone after the Bank of England sent a signal to underline the present level of UK bank base rates and dampen speculation about another early cut.

Three-month interbank was unchanged at 12¾-12⅝ per cent, while 12-month money firmed slightly to 11⅞-11⅞ from 11¾-11⅝ per cent.

Short sterling futures showed little movement on Liffe. The most active month moved from March to June delivery. The March contract closed unchanged at 87.67 after a quiet day, but June was weaker, falling to 88.77 from 88.82.

There was another very large shortage of day-to-day credit on the cash market. The Bank of England initially forecast a shortage of £1,400m, but revised this to £1,450m at noon. Total assistance of £1,429m was provided.

An early round of help was offered and at that time the authorities bought £672m bills, including £77m outright in band 2 at 12¾ per cent. Another £595m bills were purchased for resale to the market on April 2 at 12⅞ per cent.

Before lunch another £417m bills were bought outright, by way of £56m Treasury bills in band 1 at 12¾ per cent; £47m bank bills in band 1 at 12¾ per cent; and £314m bank bills in band 2 at 12¾ per cent.

In the afternoon the central bank declined to buy bills from the market, but invited discount houses to use their borrowing facilities. The authorities lent £340m to the houses at 13 per cent for 7 days to underline the present interest rate structure.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,523m, with a rise in the note circulation absorbing £450m. These outweighed exchequer transactions adding £480m to liquidity and bank balances above target of £95m.

At the weekly Treasury bill tender the average rate of discount on 91-day bills fell to 11.8881 from 12.0616 per cent, and the average rate on 182-day bills declined to 11.1305 from 11.3386 per cent.

The £350m of 91-day bills offered attracted bids of £718m, against £854m for a similar amount the previous week, and the £200m of 182-day bills received bids of £576m compared with £615m.

UK clearing bank base lending rate
13 per cent
from February 27, 1991

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

BANK RETURN

BANKING DEPARTMENT	Wednesday February 27, 1991 £	Increase or decrease for week £
LIABILITIES		
Capital	14,553,000	
Public Deposits	47,533,797	+ 3,224,742
Bankers Deposits	1,688,303,650	- 31,029,319
Reserve and other Accounts	2,578,277,249	- 58,438,254
	4,338,667,696	- 86,242,831
ASSETS		
Government Securities	1,231,581,113	- 90,750,000
Advance and other Accounts	2,626,652,903	+ 121,207,802
Premises Equipment & other Secs	470,424,962	- 122,494,769
Notes	9,794,615	+ 5,777,494
Coin	214,103	+ 16,642
	4,338,667,696	- 86,242,831
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	15,290,205,385	+ 24,222,506
Notes in Banking Department	9,794,615	+ 5,777,494
	15,300,000,000	+ 30,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	8,035,878,568	- 595,017,700
Other Securities	7,253,106,332	+ 625,017,700
	15,300,000,000	+ 30,000,000

BASE LENDING RATES

	%		%		%
ABN Bank	13	Co-operative Bank	13	Nat Bk of Kuwait	13½
Adam & Company	13	Coutts & Co	13	NatWestminster	13
Allied Trust Bank	13	Cyprus Popular Bk	13	Northern Bank Ltd	13
AIB Bank	13	Dunbar Bank PLC	13½	Nykredit Mortgage Bank	13½
● Henry Ansbacher	13½	Duncan Lawrie	13	Provincial Bank PLC	15
Associates Cap Corp	15½	Equatorial Bank plc	13	Roxburghe Bank Ltd	14½
B & C Merchant Bank	13	Exeter Bank Limited	13½	Royal Bk of Scotland	13
Bank of Baroda	13	Financial & Gen. Bank	13½	● Smith & Williamson Secs.	13
Banco Bilbao Vizcaya	13	First National Bank Plc	16	Standard Chartered	13
Bank Credit & Comm	13½	● Robert Fleming & Co.	13	TSB	13
Bank of Cyprus	13	Robert Fraser & Ptnrs.	13½	Unibank plc	13
Bank of Ireland	13	Girobank	13	● United Bk of Kuwait	13
Bank of India	13	● Guinness Mahon	13	United Mizrahi Bank	13½
Bank of Scotland	13	● Hambros Bank	13	Unity Trust Bank Plc	13
Banque Belge Ltd	13	Hampshire Trust Plc	14½	Western Trust	13
Barclays Bank	13	Heritable & Gen Inv Bnk	13	Westpac Bank Corp	13
Benchmark Bank	13	● Hill Samuel	13	Whiteaway Laidlaw	13
Brit Bk of Mid East	13	C. Hoare & Co.	13	Yorkshire Bank	13
● Brown Shipley	13	Hongkong & Shanghai	13		
CL Bank Nederland	13	● Leopold Joseph & Sons	13		
● Charterhouse Bank	13	Lloyds Bank	13		
Citibank NA	13	Meghraj Bank Ltd	13		
City Merchants Bank	13	McDonnell Douglas Bnk	13		
Clydesdale Bank	13	Midland Bank	13		
Comm.Bk of London Plc	13	Mount Banking	13½		

● Members of British Merchant Banking & Securities Houses Association

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MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

FT BUDGET ISSUE
20 MARCH 1991

This year the Financial Times plans to publish a separate section devoted to the Chancellor's budget. It will include views, commentary and analysis of the Budget.

For further information about advertising rates and opportunities within the Financial Times budget editorial, please contact Andrew Muir on 071-873 4063 or your usual Financial Times representative.

WORLD PAINTS & COATINGS
Survival of the Fittest

The FT proposes to publish this survey on 28th March 1991.
The FT has by far the greatest reach internationally to the chemical and plastics industry. It will also be of particular interest to the 71% of all board directors in the UK who are regular FT readers. If you want to reach this important audience, call Brian. H. Heron on 061 834 9381 or fax 061 832 9248.

FT SURVEYS

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc

No. of bargains included 2534

Conversion 10% Stk 1996 A – £99⅞ ... .429688 ... .476563 ... .507813 ...

Exchequer 10½% Stk 2005 – £103

Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) – £113 ...

International Bank for Rec & Dev9½% Ln Stk 2010(Reg) – £91 ...

11.5% Ln Stk 2003 – £105¾ ...

Ireland 12½% Ln Stk 2008(Reg) – £110½ 1⅛ ... (27Fe91)

Malaysia 10⅜% Ln Stk 2009(Reg) – £91

10⅜% Ln Stk 2009(Br) – £92½ (25Fe91)

New Zealand 7¼% Stk 88/92 – £93½

11¾% Stk 2008(Reg) – £101 (27Fe91)

Nova Scotia(Province of)11¾% Ln Stk 2019 – £101⅜

Petroleos Mexicanos 14½% Ln Stk 2006 – £96½

Portugal(Rep of)9% Ln Stk 2016(Reg) – ...

Corporation and County Stocks

UK Public Boards

Foreign Stocks, Bonds, etc-(coupons payable in London)

Sterling Issues by Overseas Borrowers

Banks and Discount Companies

Breweries and Distilleries

Commercial, Industrial, etc

Electricity

Financial Trusts, Land, etc

Insurance

Investment Trusts

Mines – Miscellaneous

Mines – South African

Oil

Property

Unit Trusts

Plantations

Shipping

Utilities

Water

Miscellaneous Warrants

USM Appendix

Rule 535(2)

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

By Permission of the Stock Exchange Council

MALMO & S.W. SWEDEN

The FT proposes to publish this survey on **8 April 1991.**

It will be of particular interest to the 58% of the *Chief Executives of Europes largest companies*, who are regular FT readers. If you want to reach this important audience, with an advertisement call Chris Schaanning on *071 873 3428/4823* or fax 071 873 3079 or Bradley Johnson FT representative for Sweden, Box 15099,S-750 15 Uppsala, Sweden. Tel/Fax:18 25 3726.

FT SURVEYS

EUROPEAN FINANCE & INVESTMENT PORTUGAL

The FT proposes to publish this survey on **23rd April 1991.**

It will be of particular interest to the 89% of the Institutional Investors in Europe who are regular FT readers. If you want to reach this important audience, call Henry Krzymuski on 071 873 3699 or fax 071 873 3079.

FT SURVEYS

LONDON STOCK EXCHANGE

Firmer close after an erratic session

THE UK stock market ended a highly successful week, which saw the equity sector rise by just over 3 per cent, on a confident note yesterday, although share prices moved more erratically than in the previous trading session. Speculation on a June election in the UK and hopes that the rebuilding of Kuwait may stimulate a construction industry-led recovery in the UK economy buttressed the investment confidence already fueled this week by a cut in domestic base rates and the end to fighting in the Gulf.

However, it was not until the end of the day when Wall Street reversed an early loss that UK stocks shook off an initially uncertain trend. Investors were restrained by a range of factors, including the overnight fall in Tokyo and lower trends yesterday in other European equity markets.

Account Dealing Dates		
*First Dealings:		
Feb 11	Feb 25	Mar 11
Option Declarations:		
Feb 21	Mar 7	Mar 27
Last Dealings:		
Feb 22	Mar 8	Mar 28
Account Day:		
Mar 4	Mar 18	Apr 8

*New-time dealings may take place from 8.30 am two business days earlier.

After replacing an early fall of 12.5 on the FT-SE Index with a gain of seven points, London began to drift lower after Wall Street came in. The sudden rally in the Dow to a narrow gain hours brought an immediate response in the UK market.

The final reading showed the FT-SE Index at 2,386.9, for a net rise on the day of 6 points. Over the week, the Index has gained more than 72 Footsie points and there were signs yesterday that institutional interest was switching away from stocks on the Footsie 100 list, which have led the way ahead, and towards the smaller issues which have to some extend lagged behind. Seaq volume eased to 594.6m shares yesterday, still high by comparisons with December totals, but well down on Thursday's 841.3m. Government bonds lost half a point in modest volume.

However, there were no signs that institutional investors were selling stock at current levels. Most strategists believe the market has further to advance in its present bullish phase.

A further reduction in UK interest rates is expected on or around Budget Day, now less than three weeks away. Hopes of benefit from the reconstruction of Kuwait were encouraged yesterday by news that the US Army Corps of Engineers will award contracts worth $46m within two days – more than 30 firms are believed to be interested.

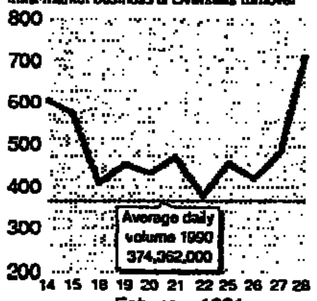
There were widespread gains in construction issues, which had suffered badly from the effects of high interest rates and recessionary pressures in the UK. Consumer stocks also found support and banking shares continued to respond to the trading results announced this week. ICI, which cheered the market on Thursday by maintaining its dividend payment, made further ground in good volume yesterday.

Among the few uninspiring sectors were the oil shares, which were held back by uncertainty over prospects for crude oil prices in the aftermath of the Gulf war.

● Retail business in equities, more erratic this week, has increased following Wednesday's base rate cuts and the ending of Gulf hostilities.

London SE volume

Turnover by volume (million)
Excl:
Intra-market business & Overseas turnover



FINANCIAL TIMES STOCK INDICES

	Mar 1	Feb 28	Feb 27	Feb 26	Feb 25	Year Ago	1990/91 High	1990/91 Low	Since Compilation High	Since Compilation Low
Government Secs	84.76	85.09	85.39	85.39	85.65	78.60	85.66 (19/2/91)	74.13 (30/4/90)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	93.22	93.47	93.56	93.60	93.83	88.64	94.23 (19/2/91)	83.80 (30/4/90)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1919.2	1910.7	1877.8	1855.0	1888.5	1774.2	1968.3 (3/1/90)	1510.4 (24/9/90)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	143.0	137.7	134.4	131.2	128.4	283.5	378.5 (6/2/90)	127.0 (22/2/91)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2386.9	2380.9	2346.0	2322.2	2335.5	2254.8	2463.7 (3/1/90)	1990.2 (28/9/90)	2463.7 (3/1/90)	986.9 (23/7/84)
FT-SE Eurotrack 200	1088.10	1095.65	1083.75	1079.79	1095.31	-	-	-	-	-

Ord. Div. Yield	5.04	5.06	5.14	5.19	5.16	4.95
Earning Yld %(full)	9.75	9.79	10.72	10.82	10.75	11.70
P/E Ratio(Net)(☆)	12.60	12.55	11.28	11.17	11.25	10.34
SEAQ Bargns 4.45pm	36,810	42,389	31,226	29,911	32,765	21,915
Equity Turnover(£m)†	-	1812.52	1089.38	895.73	926.63	1078.34
Equity Bargains†	-	41,891	31,513	31,227	32,843	22,567
Shares Traded (ml)†	-	712.9	494.9	420.9	468.3	472.4

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 12.27

Ordinary Share Index, Hourly changes Day's High 1919.1 Day's Low 1901.3

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1905.3	1904.4	1910.3	1914.0	1912.7	1912.0	1909.3	1904.4	1917.5

FT-SE 100, Hourly changes Day's High 2388.5 Day's Low 2366.4

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2374.9	2371.0	2381.1	2386.4	2383.4	2383.3	2379.0	2372.2	2386.4

FT-SE Eurotrack 200, hourly changes Day's High 1094.44 Day's Low 1085.83

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1090.84	1092.18	1093.91	1091.87	1091.25	1088.60	1086.06

GILT EDGED ACTIVITY

Indices*	Feb 28	Feb 27
Gilt Edged Bargains	105.1	112.8
5–Day average	101.5	100.2

*SE Activity 1974.
†Excluding Intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

GrandMet out of favour

Grand Metropolitan, the hotels, leisure and drinks group, was hit by cautious comment from three brokers yesterday. The shares slipped 16 at one point before ending a net 6 lower on the day at 732p.

Lehman Brothers changed its buy recommendation to hold/take profits. Mr John Wakely at Lehman said that first half earnings would be almost flat. Retail sales in the US had slowed with Burger King, for example, being hit by the increase in US television viewing during the Gulf war. The departure this week of the head of marketing in the US did not help and that the benefits of an ADR listing (which makes the shares easy to trade in New York) had now been discounted. He said there was better value in Allied Lyons which looked better when described under US accounting principles. Allied eased a penny at 526p.

There were reports that Smith New Court had recommended switching from GrandMet into Guinness. Mr Mike McCarthy at Smith said recent bear stories on Guinness had been overdone. There have been concerns voiced about the health of LVMH, the French luxury goods group with which Guinness has a near 24 per cent crossholding, and the sales of luxury and duty free goods in general. He said the shares were likely to recover sharply when the company's final results are revealed on March 21. Guinness firmed 2 to 805p.

A small UK agency broker was said to have recommended switching from GrandMet into Bass, which climbed 20 to 1054p. The shares were additionally helped by hopes for the company's hotels business and the prospect of a stronger dollar helping US earnings.

Blue Circle active

The construction sector remained excited about rebuilding prospects in Kuwait and leading participants enjoyed further gains. Blue Circle, the cement producer which had remained relatively unmoved when the rest of the sector took off on Thursday, rose 8 to 274p on a turnover of 3.7m.

Analysts said the market, which had previously concentrated on builders, appreciated the shortage of an indigenous cement industry in the war-torn Gulf state.

The three builders among 10 UK companies selected for emergency contracts in Kuwait retained market support. Higgs & Hill, one of the week's big gainers, added another 5 to close at 368p. Laing was up 10 to 346p and Costain firmed 2 to 230p.

Trafalgar House rose 10 to 264p, with a turnover of 8.1m on the back of lower interest rates and post-war optimism. However, Mowlem lost much of its previous day's gains slipping 7 to 320p.

RMC, the world's biggest producer of ready-mixed concrete, regained 11 of the slide incurred when investors switched into a £78m issue of convertible Eurobonds announced by the company on Tuesday. The shares closed at 721p.

Havelock Europa, the shopfitter, gained 4 to 116p on news of rationalisation at its plant near Glasgow.

Activity in the property sector was dominated by second liners. USM-quoted Ford Sellar Morris dropped 13 at one point before ending 9 lower at 30p. The company said it had "initiated discussion with the bank lenders to the group with a view to putting its borrowing facilities onto a revised basis".

A rise of 9 to 157p in Scottish and Metropolitan was blamed by traders on a badly handled buy order. Several stocks registered sharp gains in light trading as investors hunted for issues which had been left behind in the recent rally. The best performers included Frogmore Estates, 14 better at 335p, Chesterfield, up 35 to 565p, Dencora, 15 to the good at 152p and Glasgow-based property trader City Site Estates, which closed at 130p, a rise of 19.

Glaxo fell sharply after early strength as a profits downgrading from US broker Merrill Lynch took its toll. Ms Eile Gibson took the stock off her buy list and cut her profits forecast for the current year from £1.2bn to £1.19bn. The shares ended at 972p, 2 easier on the day and 17 less than the day's high.

The loss of a large engineering contract at its Australian operation left BTR 7 lower at 387p. US selling of Reuters was not quite matched by UK interest and the shares eased 6 to 796p. Turnover was a good 2m shares. A large early trade in Reckitt and Colman filled in a short position and left the price 15 down at 1374p.

Pearson slipped 3 to 723p in the wake of stories that its holding in Elsevier, the Dutch publisher, would be sold and that Elsevier would in turn sell its stake in Pearson. Sentiment was hit by the suggestions that Hoare Govett had turned negative on the stock. Ms Chris Munro at Hoare said she was positive in the medium term but cautioned that if Pearson did not sell its Elsevier shares, there could be some price weakness in the short term. Pearson turnover was again high at 1.2m.

Pittencrieff, the Scottish company which invests in oil and gas properties, moved up 11 to 100p on continued oil price optimism.

British Gas was resilient despite an announcement that the regulatory body Ofgas planned to act against a proposed 35 per cent price increase for bulk users. It firmed a penny to 242p on a turnover of 5.5m.

Water stocks were steady. Wessex Water, which has seen 7 per cent of its shares traded in the past month and has become the most heavily traded stock in the sector, continued to benefit from a planned joint venture with a US company. Waste Management of the US, one of the world's biggest companies specialising in the treatment and disposal of industrial and domestic waste. It is to form a £125m joint venture with Wessex Water, one of the smallest of the recently privatised water companies. Wessex rose 6 to 372p.

The Water Package swung back from the previous day's slide to close up 12 at £2,990 and North West Water, which has suffered from cuts this week in analysts' profit forecasts, recovered 2 to close at 296p.

Granada ended a dismal week on a firm note. The stock had been hit by widespread talk that BSkyB, the satellite television channel, was in trouble. There are several other owners of BSkyB, but as a proportion of the total business, it is more significant for Granada. The shares dipped 4 at one point yesterday before ending unchanged at 177p. The decline on the week was 9.

The hunt continued for leisure stocks hard hit by fears that the Gulf war would hit tourism, and therefore might now be bargains. Yesterday's beneficiaries included Airtours, 4 firmer at 173p, Marina Developments, 14 higher at 325p and Owners Abroad, which added 4 at 52p.

A. B. Foods fell 8 to 470p as brokers began to weigh up the effect of falling UK interest rates on its large cash surplus. A. B. Foods has been one of the best performing stocks in the FT-SE index since the start of the year and food specialists said it might now be entering a period of consolidation.

Unilever, still under pressure since its final results earlier in the week, eased 3 to 709p on signs of switching from the plc into the NV.

Argyll gave up an early gain as some investors switched into Sainsbury. Argyll finished unchanged at 270p, while Sainsbury was up 3 at 328p. A two-way pull developed in Asda as 6.4m shares changed hands. Asda finished unchanged 134p.

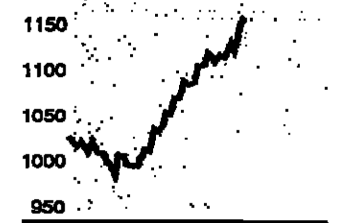
Post-Gulf war optimism appeared to invigorate the engineering stocks. Much of the activity was in second line stocks but British Steel, which has seen particularly heavy trading this week, gained 4 to 140p on a turnover of 5.3m.

Hall Engineering, the metal stockholder and processor, rose 8 to 91p following the announcement that it had appointed a new managing director.

Goodwin, the engineer and metal processor, climbed 14 to 35p on news that interim profits had jumped from £70,000 to £230,000.

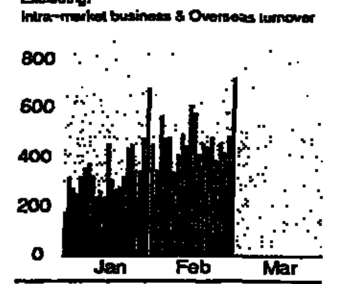
■ Other market statistics, including the FT-Actuaries Share Index and London Traded Options, Page 11.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1990/91

NEW HIGHS (109).
BRITISH FUNDS (4) AMERICANS (2) CANADIANS (1) BANKS (1) BREWERS (2) BUILDINGS (10) CHEMICALS (2) STORES (5) ELECTRICALS (10) ELECTRICITY (1) ENGINEERING (4) FOODS (7) INDUSTRIALS (21) BTR Warrants 1994/95, Baird (Wm.), Barts, Beepak, British Aerospace Cnv. Prf., British Vita, Cape, China Light, Glaxo, Kalon, NMW Computers, Portals, RCO, SmithKline Beecham A, Do. Equity Units, Spring Ram, Tomkins 5¼pc Prf., Unichem, Vinten, Warner Howard, Yale & Valor, INSURANCE (1) LEISURE (3) MOTORS (1) PROPERTY (4) TEXTILES (1) TRANSPORT (1) TRUSTS (20) WATER (1).

NEW LOWS (15).
BANKS (1) STORES (1) ELECTRICALS (2) FOODS (1) INDUSTRIALS (5) Billam (J.), Chillington, Faber Prest, MY Hldgs., Platon Intl., PROPERTY (2) TEXTILES (1) TRANSPORT (1) TRUSTS (1) OILS (1) MINES (1).

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	10	67	9	93	264	73
Corps, Dom. & Foreign Bonds	0	5	16	9	26	70
Industrials	593	181	778	2,860	910	3,997
Financial and Props	244	101	401	1,372	452	1,918
Oils	37	14	41	175	63	222
Plantations	1	0	9	7	3	40
Mines	71	15	77	288	85	446
Others	75	31	43	326	166	246
Totals	1,031	414	1,374	5,130	1,969	7,012

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	6,200	110	+4
ASDA Group	6,400	134	
Abbey National	7,600	257	
Albert Fisher	2,600	124	-1
Allied-Lyons	2,300	536	-1
Amstrad	586	67½	+½
Anglian Water	685	296	+2
Argos	1,500	287	-1
Argyll Group	2,900	270	
Ass. Brit. Foods	446	470	-8
BAA	1,300	419	+4
BAT Inds.	2,700	680	+4
BET	2,600	140	-4
BICC	1,200	438	+3
BOC	586	563	-1
BPB Inds.	873	229	-3
BTR	2,900	387	-7
Bank of Scotland	1,900	131	
Barclays	5,000	429	+12
Bass	1,100	1054	+20
Beazer	858	149	+2
Berisford Int.	3,600	91	+2
Blue Circle	4,000	274	+8
Boots	2,800	380	-4
Bowater	275	553	+1
Brit. Aerospace	2,100	618	+4
British Airways	3,300	165	+1
British Gas	5,500	242	+1
British Land	445	315	+2
BP	5,600	333	+½
British Steel	8,000	140	+4
British Telecom	11,000	312½	+1
Bunzl	127	79	-1
Burmah Castrol	533	556	
Burton	1,600	98	+2
Cable & Wire.	1,700	538	+5
Cadburys	1,800	361	-2
Calor Group	38	233	+3
Carlton Comms.	2,300	434	+13
Coats Viyella	1,000	123	+3
Comm. Union	567	539	-2
Cookson	177	139	

	Volume 000's	Closing Price	Day's change
Courtaulds	488	386	+8
Dalgety	294	355	-2
Dixons	948	175	+2
ECC Group	2,400	400	+7
Eastern Elect.	611	184½	-½
East Midland Elect.	863	178½	+1½
Enterprise Oil	97	575	
Eurotunnel Units	292	510	-8
FKI	1,600	52	+1
Ferranti	4,800	13	
Fisons	2,400	431	+8
Gen. Accident	1,700	541	+8
General Elect.	3,600	202½	-½
Glaxo	3,000	972	-2
Glynwed Int.	189	251	
Granada	1,800	177	
Grand Met.	3,100	732	-6
GUS A	604	1216	-7
GRE	1,100	215	-1
GKN	222	364	-4
Guinness	3,500	805	+2
Hammerson 'A'	81	670	-15
Hanson	6,000	229½	-½
Hanson Warrants	416	44	+½
Harrisons Crosfield	1,800	157	-1
Hawker Sidd.	346	549	+10
Hillsdown	1,900	223	-3
IMI	150	239	
ICI	2,600	1036	+11
Inchcape	152	391	+1
Kingfisher	1,500	439	+4
Ladbroke	2,500	289	+3
Land Securities	813	540	+2
Laporte	328	557	
Legal & General	1,100	424	+2
Lloyds Abbey	475	392	-5
Lloyds Bank	5,200	343	+7
LASMO	511	372	-2
London Elect.	489	183	-1
Lonrho	2,100	231	-3
Lucas	3,000	169	+4
MB Caradon	59	185	+4

	Volume 000's	Closing Price	Day's change
MEPC	782	635	+1
Manpower	2,100	67	+½
Manweb	219	212	+2
Marks & Spencer	3,800	243	-1
Maxwell Comms.	1,500	141	+1
Midland Bank	4,200	195	+5
Midlands Elect.	480	176½	+½
NatWest Bank	2,800	313	+2
Next	1,400	30½	-½
North West Water	2,500	298	+2
Northern Elect.	191	187	-4
Northern Foods	825	401	-2
Norweb	1,200	185	-4
Pearson	1,300	723	-3
P & O	360	600	+5
Pilkington	3,600	186	
Prudential	1,300	225	-3
RHM	1,700	318	-1
RMC	642	721	+11
RTZ	1,800	534	+4
Racal	5,900	214	+4
Racal Telecom	491	348	+9
Rank Org.	390	731	+12
Reckitt & Colman	121	1374	-15
Redland	634	656	+3
Reed Intl.	1,700	427	+5
Reg. Elect. Pkg Uts	5	£1816	-2
Reuters	2,100	796	-6
Rolls Royce	4,100	188	+1
Rothmans	228	781	-18
Ryl Bk Scotland	2,500	184	+6
Royal Insurance	3,400	465	+8
Saatchi	8,000	19	+1
Sainsbury	1,100	328	+3
Scottish & New	1,600	398	-2
Sears	3,800	91	-1
Sedgwick	2,000	239	+5
Seeboard	498	176	+2
Severn Trent Water	1,500	286	
Shell Transport	3,200	472	+1
Siebe	395	407	+6
Slough Ests	635	246	

	Volume 000's	Closing Price	Day's change
Smith (W.H.) A	692	359	+2
Smith & Nephew	1,300	110¼	-1½
SmKl Beecham	1,300	709	+6
SmKl Beecham Uts.	281	3103	+63
Smiths Inds.	747	257	
Southern Elect.	1,300	174	+2
South Wales Elect.	372	212	+1
South West Water	232	295	-2
South West. Elect.	277	178	+1
Southern Water	60	273	-4
Standard Chartd.	928	300	+11
Storehouse	2,800	116	+8
Sun Alliance	1,900	372	+5
Sun Life	0	1185	-3
T&N	392	180	+8
TI Group	510	502	-2
TSB	9,100	158½	+½
Tarmac	2,000	282	+8
Tate & Lyle	931	338	-2
Taylor Woodrow	859	288	-2
Tesco	3,700	245	
Thames Water	1,000	302	+3
Thorn EMI	795	710	+9
Trafalgar House	8,100	264	+10
Trusthouse Forte	1,000	272	+3
Ultramar	749	351	+5
Unigate	339	305	
Unilever	2,100	709	-3
United Biscuits	657	371	-1
Utd. Newspapers	422	338	+1
Water Package Uts.	1	£2990	+12
Wellcome	951	499	-11
Welsh Water	134	323	+1½
Wessex Water	619	372	+6
Whitbread 'A'	371	485	-6
Wiggins Teape	1,100	203	-4
Williams Hldgs.	601	279	+4
Willis Corroon	1,000	289	+2
Wimpey	1,200	213	+8
Yorkshire Elect.	549	194½	-½
Yorkshire Water	1,000	303	+4

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

EQUITY FUTURES REVIEW

THE end of hostilities in the Gulf and reduction in UK interest rates spurred a 60-point rise over the week in the March FT-SE 100 index futures, although by Friday the rally was showing some signs of running out of steam.

The quick Allied land victory over Iraq and cut in base rates gave the futures market the strength to break through resistance at 2,350 and go on to test the pyschologically important 2,400.

But the futures market showed few signs of leading the stockmarket higher as every advance was met with institutional selling. March Footsie's lead over the cash index - the premium - dropped to 7 points on Friday from 25 on Monday, clearly *indicating* the futures market's nervousness.

The decline in the premium to just above the level which brokers calculate is necessary to account for future dividend payments and the cost of finance was another indication of the futures market's unwillingness to move much higher.

However, there was a belief that the Allies' success in the Gulf and the prospect of a further cut in UK rates in March could still give futures a *modest boost*.

March FT-SE closed at 2,394, up 5 on the day and 56 higher on the week. In after hours dealing March rose to 2,396. March's premium finished at 7 compared with 11 in the previous session.

LEADERS AND LAGGARDS

Percentage changes since December 31 1990 based on Thursday 28 February 1991

Electricals	+	22.73
Conglomerates	+	21.19
Contracting, Construction	+	19.61
Other Industrial Materials	+	19.47
Chemicals	+	17.38
Capital Goods	+	17.04
Electronics	+	16.53
Engineering-General	+	15.92
Building Materials	+	15.83
Insurance(Life)	+	15.46
Packaging & Paper	+	15.24
Metals & Metal Forming	+	14.99
Other Groups	+	14.57
Merchant Banks	+	14.40
Insurance(Composite)	+	14.35
Motors	+	14.25
Banks	+	13.77
Investment Trusts	+	13.40
Health & Household Products	+	13.09
Industrial Group	+	12.86
Telephone Networks	+	12.74
Transport	+	12.65
Electricity	+	12.53
Financial Group	+	12.05
Textiles	+	11.57
All Share Index	+	11.41
500 Share Index	+	11.23
Stores	+	11.02
Engineering-Aerospace	+	10.44
Water	+	10.30
Food Manufacturing	+	10.24
Consumer Group	+	10.01
Media	+	8.88
Food Retailing	+	8.78
Hotels & Leisure	+	7.61
Business Services	+	*8.97*
Brewers and Distillers	+	6.88
Property	+	6.42
Insurance(Brokers)	+	2.36
Oil & Gas	+	1.92
Gold Mines Index	-	10.93

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	08/92	103-27	-03/32	10.74	10.75	11.37
		9.000	03/00	93-08	-13/32	10.16	9.94	10.19
		9.000	10/08	92-22	-15/32	9.88	9.70	9.91
US TREASURY *		7.750	02/01	97-22	-11/32	8.09	7.87	8.03
		8.750	02/21	95-24	-16/32	8.26	8.04	8.21
JAPAN	No 119	4.800	6/99	87.9387	-1.227	7.11	6.89	6.72
	No 129	6.400	03/00	96.1437	-1.400	6.73	6.34	6.51
GERMANY		9.000	01/01	104.1500	-0.220	8.36	8.31	8.66
FRANCE	BTAN	9.000	02/96	99.1116	-0.193	9.22	9.27	9.83
	OAT	9.500	01/01	102.7800	-0.390	9.05	9.00	9.49
CANADA *		9.750	06/01	100.8000	-0.550	9.62	9.54	10.03
NETHERLANDS		8.500	03/01	96.9800	-0.300	8.65	8.53	8.81
AUSTRALIA		13.000	07/00	107.7181	-0.540	11.62	11.40	11.60
BELGIUM		10.000	08/00	104.4000	-0.300	9.26	9.02	9.34

London closing, *denotes New York morning session
Yields: Local market standard Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

COMMODITIES

WEEK IN THE MARKETS

Ceasefire gives prices a boost

THE END of fighting in the Gulf gave a boost to most commodity markets this week – including gold, which had evidently already lost the premium it was assumed to have been carrying as a "safe haven" for money in times of trouble.

For the industrial metals – now taken to include silver and platinum – the market response was in line with expectations, as there had been fears that a protracted conflict could hasten the world economy's decline into recession. In the world sugar market the outbreak of peace was seen as mildly bullish for the same reason, as well as the fact that Middle Eastern countries are substantial importers.

With the start of the ground war the gold market appeared to go into neutral, trading very narrowly just above the recent seven-month low. But news of the ceasefire was greeted on Thursday with a $5.30 rise to $364.75 a troy ounce and another $1.80 was added yesterday. Some dealers were suggesting that, with good physical demand expected from the Middle East, a test of resistance between $368 and $370 an ounce was now on the cards. If this resistance was broken the next target would be the $380 to $385 area, they added.

For platinum – which is now mainly used in the production of motor exhaust catalysts and is, therefore, particularly sensitive to recession fears – the peace dividend came on top of a rise that had already been encouraged by a wave of Japanese buying.

By Wednesday afternoon the London platinum price was $13.35 ahead on the week at $393.50 a troy ounce, and on Thursday another $10.50 was added. Yesterday the price reached $405.85 an ounce, the highest level for more than five weeks.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	+7,850	to 325,750
Copper	+5,925	to 202,775
Lead	+1,875	to 73,600
Nickel	+1,920	to 6,186
Zinc	-400	to 57,000
Tin	-170	to 20,175

At the London Metal Exchange copper led a general but modest rise until yesterday, when news of big rises in exchange warehouse stocks of copper, aluminium, nickel and lead prompted a downturn.

Japanese buying and short-covering and overall supply tighiness pushed copper prices towards what dealers described as a "key chart point" in mid-week, but most analysts remained sceptical about the market's bullish credentials and were not looking for further big gains. So the immediate response to Thursday morning's Gulf news was a rise on the day of just £13.50 a tonne. And most of that was wiped out yesterday after the exchange announced a 5,925-tonne rise in warehouse stocks to a 5½-year high of 202,775 tonnes.

The biggest rise proportionately on the LME this week was cash lead's £12 advance to £314 a tonne, despite falling back £3.25 yesterday. Apart from the ceasefire the lead market had several fundamental factors to encourage buying. First was the declaration of force majeure on shipments from the strike-bound Torreon plant in Mexico; then came reports of labour problems in Canada and transport disruptions at Australia's Mount Isa Mines; and finally Pasminco of Australia announced that it was cutting output at its Elura lead/zinc mine.

On the other hand, however, analysts pointed out that the market was well cushioned against any supply squeeze by the high level of LME warehouse stocks, which were marked up by 1,875 tonnes yesterday to a 6¼-year high of 73,600 tonnes.

The only substantial loser among the LME contracts was nickel, which fell $200 in the cash position to $8,562.50 a tonne as nearby technical tightness eased and LME stocks rose sharply.

At the London Futures and Options Exchange yesterday coffee and cocoa futures markets were both retracing their steps – May delivery robusta coffee regaining £12 of an earlier £15 fall and May cocoa surrendering £6 of an £8 rise.

Coffee's fall had followed the drying up of the computer fund short-covering that had lifted the price by £15 last week. But weaker sterling and the return of fund buying in New York steadied the market yesterday.

Cocoa's tentative rally, which followed an early dip to a fresh 15-year low, was described by traders as largely technical and with fundamentals remaining clearly bearish they saw no reason to expect a sustained rise in prices.

Sugar market fundamentals are also pretty bearish. But that did not prevent a sudden flurry of buying in mid-week lifting values from the recent 32-month lows. The London daily raws price jumped $22 on Wednesday to $236 a tonne and despite falling at the next two daily fixings still ended the week $13.80 up at $227 a tonne.

Richard Mooney

APPOINTMENTS

Royal Bank of Scotland senior posts

■ THE ROYAL BANK OF SCOTLAND has made the following appointments. Mr Bob McInnes, Edinburgh, will be responsible for all branches in Scotland, and Mr Ian Sutherland moves to Manchester as director, north of England. In London, Mr Alan Peers will head the south of England network, and Mr Chris Pearson will be in charge of private and offshore banking.

■ FEARNLEY GROUP UK has appointed Mr James Sinclair as director of real estate. He was with The Rutland Group.

■ SCOTTISH AMICABLE LIFE ASSURANCE SOCIETY, Glasgow, has made the following changes. Mr Ian Stark, assistant general manager (sales), becomes *assistant general manager* (human resources), where he is succeeded by Mr Ron Baxter, assistant general manager (marketing). Mr Eric McGill becomes agency manager at head office. He was regional sales manager, Birmingham.

■ BURGESS ARCHITECTURAL PRODUCTS, Hinckley, part of the T.T. Group, has appointed Mr Roger Simons as managing director, and Mr Rod Ison as sales director.

■ Following the formation of LESLIE & GODWIN INSURANCE BROKERS, the board comprises: Mr Bernard Steinart, chairman; Mr Ian Waite, deputy chairman; and Mr Brian Ainsworth, Mr Richard Allardyce, Mr Joe Balls, Mr Mike Beard, Mr Igor Best-Devereux, Mr Neil Golder, Mr Richard Hilliard, Mr Ian Jeffrey, Mr Mark Kettle, Mr Mike McDermott, Mr Jim Monk, Mr Geoff Sloan and Mr Philip Waghorn, directors. The new company is formed from three Leslie & Godwin Group companies - Marine Holdings, Energy Resources, and North America.

■ SIEMENS NIXDORF INFORMATION SYSTEMS, Bracknell, has appointed Mr Graham Williams as marketing and business development director. He was director of the business systems division.

■ Mr Trevor Bloom has been appointed marketing director of PREFERRED ASSURANCE, Camberley.

■ Mr Mark Cooke has been appointed marketing director of COBA PLASTICS, succeeding Mr Harry Pollard who is leaving to pursue other interests.

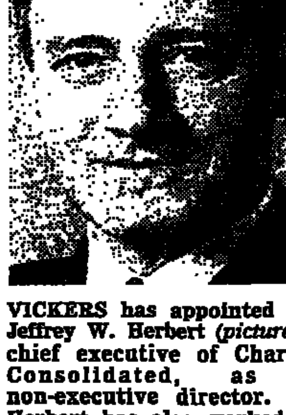
■ ROBSON RHODES has appointed Mr Christopher Bell as north west regional director. He was chief executive of the Manchester Exchange and Investment Bank.

■ NM FINANCIAL MANAGEMENT has appointed Mr Phil Barker as national sales manager, capital market. He was regional manager, intermediary division, Bristol, where he is succeeded by Mr Phil Wagstaff.

■ BISS LANCASTER has promoted Ms Isabel Greenwood to managing director. She was deputy managing director, and succeeds Mr Graham Lancaster who continues as chairman.

■ Mr Brian Harrison has been appointed director of the building advisory service, consultancy and training arm of the BUILDING EMPLOYERS CONFEDERATION. He was general manager.

■ Mr Gordon Smith has been appointed manager of NORWICH UNION's general insurance branch in Glasgow. He is promoted from assistant field operations manager, Norwich.



VICKERS has appointed Mr Jeffrey W. Herbert (*pictured*), chief executive of Charter Consolidated, as a non-executive director. Mr Herbert has also worked at GEC Diesels, BL Cars and Massey-Ferguson.

■ Mr R.P. Bull has been elected president of the MACHINE TOOL TECHNOLOGIES ASSOCIATION.

■ From March 18 CORNWELL PARKER will operate through two divisions, furniture and fabrics. Mr Tom Jourdan becomes chief executive of the furniture division, and Mr Anthony Thomas joins the board as chief executive of the fabrics division - he was managing director, fine china division, London International Group. Mr Ivor Thomas, who joins from Matthew Clark, will become group finance director, succeeding Mr John Mason who retires. Mr John Arnold, Mr Richard Gloyn and Mr John Kitching also retire from the board. Mr Richard Malthouse, senior partner, McKenna & Co, and Mrs Anne Ferguson, head of group communications, ICI, have been appointed non-executive directors. Mr Nigel Olsen, a non-executive director, is to become non-executive deputy chairman.

■ Mr Al Mackle, Northern Ireland secretary of the Irish National Teachers' Organisation, has been appointed chairman of the province's LABOUR RELATIONS AGENCY to succeed Mr Wilson Gamble who will be retiring on April 30. Mr Mackle is a panel-member of Industrial Tribunals and the Industrial Court and a member of the Senate of Queen's University, Belfast, and the Standing Advisory Committee on Human Rights. The Labour Relations Agency is an independent statutory body charged with promoting the improvement of industrial relations in the province.

■ AER LINGUS has appointed Mr Noel Earley as its manager, London airports, in succession to Mr Louis Harkin who has been transferred to Dublin. Mr Earley was manager, airport services, at Heathrow.

■ Dr Graham Burton has been appointed medical director of UPJOHN UK. He has been head of regulatory affairs and product safety, and succeeds Dr Norman MacLeod who has retired.

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

Martin Currie Unit Trusts Ltd (0905)H
48 Melville St, Edinburgh EH3 7HF Dlng 031-220 4924

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Far East (Pacific)(z)	5¼	90 39	91.68	97 32	-0 47	0 43
Income & Growth	5¼	58 09	59.19xd	62.83	+0 27	5 20
European (z)	5¼	53 51	54 04xd	57 36	+0 19	1 24
Nth American (z)	5¼	33 08	33 11	35 14	-0 26	1 49
Intl Growth♥-(z)	5¼	57 12	58 15	61 73	+0 23	0.82
UK Growth	5¼	51 52	52 74	55 98	+0 24	2.56
Intl Income	5¼	45 45	45 94	48 76	+0 34	6.12
High Yield	5¼	44 76	45 41	48 20	+0 38	7 14
Charities	5¼	88.26	89.57xd	95 08	+0.4	5 89
Japan	5¼	37.15	37.15xd	39 43	-0 91	–

Matheson Unit Trust Managers Ltd (1200)H
Admin 5 Rayleigh Rd, Hutton Brentwood, Essex
Enquiries 0277 227300 Dealing 0277 261010

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Growth (4-1)	6	65.25	66.64	71 27	+0 27	3 47
UK High Income	6	33 67	34 02	36 39	+0 22	8 55

NM Unit Trust Mngrs (1200)H
The Bilton Centre, North Harbour, Portsmouth
Enquiries 0705 372222 Dealing 0705 387730

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American ♥	5¼	29 00	29 13	31 07	+0.26	1.64
(Accum Units) ♥	5¼	31 03	31 18	33.25	+0 28	1 64
Australian ♥	5¼	151 4	152.8xd	163 9	+1 1	3.35
(Accum Units) ♥	5¼	170 5	172 0	184 5	+1.2	3 35
Conscience	5¼	48 26	49 19	52 49	+0 48	1 5
(Accum Units)	5¼	50 61	51 58	55 04	+0.49	1 5
European	5¼	135 5	137 2	146.3	-1.2	1.10
(Accum Units)	5¼	143 0	144 9	154 5	-1.2	1.10
Extra Income	5¼	63 32	63 32	67 57	-0.18	9.04
(Accum Units)	5¼	85 70	85 70	91.46	+0.18	9 04
Far East Gth Acc ♥	5¼	104 5	104 5	111 7	+0.3	0.28
Gilt & F.I.	5¼	50.96	50 96xd	53 94	-0.31	9 29
(Accum Units)	5¼	107 2	107 2	113 4	-0 7	9 29

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (◆) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	+ or -	Yield Gross
M & G Securities Ltd				
Charibond				
(Accum Units).	100 8	100.8	-0 4	10.71
NAACIF Feb 26	548 9	548.9	-1 9	10 71
	-	41 4		9 72
Morgan Grenfell Unit Trust Managers Ltd				
Exempt Funds				
UK Equity Feb 28	123.1	131 9	..	2 97
UK Small Co Feb 28	464.9	501 1		2 13
Fixed Interest Feb 28	105 6	111 0	.	8 00
US Small Co Feb 28	127 2	136 0	.	0 00
Managed Feb 28	102 6	109.1		1.33
Intl Bond Feb 28	111 7	117 8	....	7 77
Japan Feb 28	70 63	75 48		0 91
European Feb 28	84.00	89 85	...	1 64
Nth American Feb 28	94.25	101.1		1 39
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
Amer Expt Feb 27	44 78	46 57	.	3 20
Euro Expt Feb 27	48 70	51 14		2.27
Fixed Int Ex Feb 27	46 51	47 67	..	10 40
Japan Expt Feb 27	44 10	45 66	.	0.75
Managed Ex Feb 21	41 05	42 69	.	4 65
SE Asia Expt Feb 27	62 94	66 08		4 60
Sm Cos Expt Feb 27	29 40	30 86	.	5 06
UK Eqty Ex Feb 27	38.55	40 47	..	4 22
Phillips & Drew Fund Management Ltd				
Small Co s Feb 5	570.0	609 8	.....	5 94
Do Accum	640 3	684 9		5 94
Int Expt Feb 27	163 2	166 2	.	2 91
UK Index Feb 5	1013	1030	.	5 85
Do Accum	1083	1101	..	5.85
Convertible Feb 22	89.15	92 04	..	8 10
World ex UK Index Feb 25	735 1	744 2	.	2.11
Do Accum	735 1	744 2	.	2.11
Japan Index Feb 25	590.1	598 3	..	0 51
Do Accum	591.6	599 7		0 51
USA Index Feb 25	862 0	867 3	..	3 46
Do Accum	883.2	888 6		2 87
Europe ex UK Index Feb 25	862 50	882 40	.	2 87
Do Accum	882 10	902 3		2 87
Pacific ex Jap Index Feb 25	805 3	827 7		5.02
Do Accum	835 3	858 4	.	5 02
Managed Exempt Feb 27	98 92	100 7		5 9
American Exempt Feb 27	118 8	120 7		9.6
European Exempt Feb 27	112 4	112.8	..	3 91
Japan Exempt Feb 27	108 3	110 7	..	0 16
Pacific Basin Feb 27	108.5	111.9		4 89
NM Rothschild Asset Management Ltd				
NC Managed	58 6	62 4	+0.3	3.26
NC Property	174.3	191.2	...	-
J. Rothschild Fund Managers Ltd				
Intl Exempt Accum	129.7	130 8	+10 5	2.86
Stewart Ivory & Co Ltd				
Salets PPP Feb 14	249 2	262.3		-
Closed to new business				
Thornton Unit Managers Ltd				
Managed Exempt Mar 1	89 76	94 15	+3.77	4 39
(Accum Units)	92 60	97 12	+3.89	4 39
Touche Remnant Unit Tst Mngt Ltd				
TR Ex European Feb 28	1000	1012	.	3 79
TR Ex Nth Amer Feb 28	883	897		4.36
TR Ex Pac Basin Feb 28	713	724		2 82
TR Ex Smlr Cos Inc Feb 28	1100	1152		8 49
TR Ex Smlr Cos Acc Feb 28	1100	1152	..	8 49

INSURANCES

	Bid Price	Offer Price	+ or -	Yield Gross
AA Friendly Society				
Investment Magt M & G Inv Magt Ltd				
AA Friendly Sy Feb 8	-	160.2	.	-
Abbey Life Assurance Co Ltd				
80 Holdenhurst Road, Bournemouth 0202 292373				
Prop Ser 1	268 7	282 9		-
Equity Ser. 1	126.4	133 1	-0.3	-
Prop. Acc. Ser 2	436 8	459 8		-

OTHER UK UNIT TRUSTS

Continued on next page

FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	+ or -	Yield Gross
N & P Life Assurance Ltd				
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348				
Life Managed Fd	99 8	105.1	(z)	-
Pension Managed Fd	95.5	100.6	(z)	-
Life Deposit Fd	104 8	110.4	(z)	-
Pension Deposit Fd	109 0	114.7	(z)	-
National Financial Management Corp PLC				
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539				
Life Funds				
Managed Cautionary	106.0	115.9	+1.1	-
Managed Growth	129.3	141.4	+1.1	-
Managed Opportunity	125.3	137.7	+0.3	-
NFMC Target Financial	96.8	104.1	+2.0	-
Pension Funds				
Managed Cautionary	114.3	125 0	+1.1	-
Managed Growth	135.1	148.5	+1.7	-
Managed Opportunity	127.5	139.4	+0.9	-
NFMC Target Mngd Pen	1425 9	1549.9	-3.5	-
National Mutual Life				
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422				
Harvester Pension Funds				
Managed	151.6	159.6	...	-
UK Equity	158 2	166.6	...	-
Overseas Equity	124.2	130 8	...	-
Fixed Interest	142.5	150 1	...	-
Property	130.1	137.0	...	-
Index Linked	144 3	151.9	...	-
Deposit	151.3	159.3	...	-
With Profits (B)	126.5	133.2	...	-
National Provident Institution				
48 Gracechurch St, London EC3P 3HH 071-623 4200				
Managed	333.7	351.3	+0.8	-
UK Equity	423.4	445.7	+1.6	-

	Bid Price	Offer Price	+ or -	Yield Gross
Prosperity Life Assurance Ltd				
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555				
Initial Equity	149 0	157.5	+0.5	-
Accum Equity	211.0	222.5	+0 5	-
Accum Managed	217.0	229.0	....	-
Accum Five Star	161 0	170 0	+2.0	-
Accum World	116 5	123 0	+0.5	-
Accum Lifetime	109.1	109.1	...	-
Pens Acc Equity	227.0	239.0	+0.5	-
Pens Acc Managed	267.5	282.5	+0 5	-
Pens Acc Intl	192.5	203 0	-0.5	-
Pens Acc Deposit	192.5	203.0	...	-
Pens Acc Five Star	174 0	183.5	+1 0	-
Providence Capital Life Assc. Co Ltd				
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888				
UK Equity Acc	217.3	229.3	+0 6	-
UK Fixed Int Acc	168 4	177 7	+0.1	-
Intl Equities Acc	164.3	173.4	+0 6	-
UK Managed Acc	167.3	176 4	+0.4	-
Property Acc	225.3	237 7	...	-
Money Acc	126 2	133.2	...	-
Special Market Acc	127.4	134 4	+0.6	-
Japan Equity Acc	99.1	104 6	-2.0	-
North American Acc	95.2	100.5	+0.8	-
Pacific Acc	84.6	89.3	-0.3	-
Technology Acc	106.2	112.1	+2.3	-
Nat Resources Acc	50.8	53 6	+1 4	-
European Acc	96.4	101.7	-0 6	-
Residential Prop Acc	95 7	101.0	...	-
Swiss Equities Acc	33.6	35.5	-0.2	-
Hong Kong Acc	54.9	58.0	+0.5	-
UK High Inc Eq Acc	72.3	76.3	+0.4	-
Int Fixed Interest Acc	54.8	57.9	...	-
Int Managed Acc	53.8	56.7	+0 2	-
HIP Managed Acc	107.0	112.8	+0.2	-
HIP Managed II Acc	94 6	99.7	+0.3	-
HIP Managed III Acc	-	-	...	-
Total Investment Bond				
UK Equity Initial		148.4	+0.4	-
UK Fixed Int Initial		115.2	...	-

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

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IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (3:00 pm)

March 1	US$	+ or −
AAR Corp	13⅝	+¼
AMP Inc	50⅞	+1⅛
AMR Corp	61¾	+1⅝
ASA	45xd	−¼
Abbott Labs	45½	−⅞
Acme Cleveland	6⅝	....
Adobe Res	8⅛	−½
Advanced Micro	8	−⅛
Aetna Life	44⅞	−¼
Affiliated Publ	10⅛	−⅛
Ahmanson (HF)	17	+½
Air Prod & Chemical	63¾	−½
Alberto-Culver B	31	+¼
Albertson's	38⅜	−⅛
Alcan Aluminium	22⅝	+⅜
Alco Standard	31¼	−⅞
Alexander & Alex	26⅞xd	−⅛
Alex & Baldwin	27¼	+¼
Allegheny Power	39	....
Allied Signal	29⅞	+⅛
Aluminum Co of Am	65⅜	+1¼
Amax	24⅞	−½
Amdahl Corp	14⅝	−⅛
Amerada Hess	48¼	−⅜
Amer Brands	44⅝	+⅝
Amer Cyanamid	55⅞	+½
Amer El Power	28½	....
Amer Express	25½	+1⅜
Amer Family Corp	23¼	−¼
Amer Genl Corp	36⅝	−⅛
Amer Greetings Cl A	37⅝xd	−⅛
Amer Home Pr	57⅛	+⅜
Amer International	92¾	+1¾
Amer Natl Ins	33¼	....
Amer Petrofina	77⅞xd	+¼
Amer Stores	70⅜	+⅛
Amer T & T	33½	+⅛
Ameritech	65⅞	−⅛
Ames Dept Stores	1.62	+.13
Ametek Inc	11⅞	−⅛
Amoco	52⅜	+¼
Analog Devices	10½	+⅜
Anheuser-Busch	47	−⅛
Aon Corp	34⅝	−⅛
Apple Computers	58xd	+⅜
Archer Daniels	22½	+⅛
Arkla	19¾xd	+½
Armco	5¼	−⅛
Armstrong World	28⅞	−⅛
Asarco	28⅞	+¼
Ashland Oil	33½	−⅛
Ashton-Tate	7¾	−⅛
Atlantic Richfield	128⅛	−1⅝
Auto Data Pro	62½	+⅛
Autodesk	50¼	+1½
Avery Dennison	24⅛	+⅛
Avnet Inc	28¾	+⅜
Avon Products	41¾	+¼
Bairnco Corp	7⅛xd	+¼
Baker Hughes Inc	29	−1
Ball Corp	26⅞xd	−¼
Bally	4.37	−.75
Baltim Gas & El	28⅜	+⅛
Banc One	34¼	+1¼
Bandag	94⅛	+⅛
BankAmerica	32⅝xd	+⅛
Bank of Boston	7⅞	+⅞
Bank of New York	27½	+½
Bankers Trust N Y	46⅞	....
Barclays plc ADR	32¼	+⅛
Barnett Banks Flori	24¼	+1¼
Battle Mount Gold	7½	−⅛
Bausch & Lomb Inc	77	+¼
Baxter Intl	30⅜	−½

March 1	US$	+ or −
Contl Bank Corp	12	−¼
Contl Corp	28⅛xd	+⅛
Contl Tel Corp	39⅜	+¼
Control Data	12¾	+⅛
Cooper Inds	50⅝xd	−¼
Coors (Adolph)	21xd	−¼
Corestates Finl	34⅞xd	+1⅝
Corning Inc	56⅝	+1¼
Crane	24⅜	+¼
Cray Research	40⅜	−⅞
Cross & Trecker	3.75xd	−.13
Crown Cork & Seal	63¼	−⅝
Cummins Engine	42⅝xd	+⅞
Curtiss-Wright	28⅜	....
Cypress Semicond	17⅞	−¼
Cyprus Minerals	22	+⅜
DSC Commun	6¾	....
DQE	24¾	−¼
Dana Corp	29⅝xd	+⅝
Data General	8¾	+¼
Dayton Hudson	68½	+¼
Deere	51¾	+⅝
Delmarva Pow & L	18⅜	−⅛
Delta Air Lines	77¾	+2½
Deluxe Corp	38	+⅛
Detroit Edison	29¼	−⅛
Diebold Inc	38	−¼
Digital Comms	16⅞	−⅜
Digital Equipment	73½	+⅞
Dillard Dept St	100⅞	+4⅝
Disney (Walt)	123½	....
Dominion Res	47¼xd	....
Donelley (RR)&Sons	44⅞	+¾
Dover Corp	41⅝xd	+½
Dow Chemicals	53¾	+⅜
Dow Jones	25⅜	−½
Dravo Corp	13¼	−½
Dresser	26⅝	−⅛
Dreyfus Corp	35¼	+1⅛
Duke Power	28⅛	−¼
Dun & Bradstreet	44⅝	+⅛
Du Pont	38	+⅜
E G & G Corp	38⅛	−⅛
E-Systems	35⅞	+⅞
Eastern Enterprises	29¼xd	....
Eastman Kodak	43¾xd	−⅛
Eaton Corp	57	−¼
Echlin Inc	13	+⅛
Emerson Electric	44¼xd	+¼
Engelhard Corp	23¾	−⅛
Enron Corp	56⅛	−⅜
Enserch Corp	19⅜	−⅛
Enstar Group	.13	....
Entergy Corp	23⅜	−⅛
Ethyl Corp	29	....
Exxon	55⅝	+½
FMC Corp	37½	+½
FPL Group	29⅞xd	+⅛
Fedders Corp	8¾	+½
Federal Express	40⅛	−1
Federal Mogul	15½	....
Fed Nat Mtge	45¼	+⅛
Federal Paper Brd	24	+¼
Fieldcrest Cannon	11⅜	−⅛
First Bank Systems	18xd	+⅜
First Chicago	24½	+¼
First Executive	.66	+.06
First Fid Bancorp	23⅞	+⅛
First Interstate	35	+1
First Mississippi	8¾	+¼
First Union Rlty	9¾	+¼
First Wachovia	47⅞	+⅜
Fleetwood Enterpr	24⅝	−¼
Fleming Cos Oklah	35⅜	+½
Florida Progress	39⅛xd	−⅜

March 1	US$	+ or −
K Mart		
Kellogg		
Kennametal		
Kerr-McGee		
KeyCorp		
Kimberly-Clark		
King World		
Knight-Ridder		
Kroger		

March 1	US$	+ or −
Columbia Gas	43½	+½
Comcast Corp A	14½xd	+⅛
Commerce Cl Hse	51½	....
Comm Satellite	26⅞	+⅛
Commonw Edison	38⅝	+¼
Compaq Computer	70¼	+¼
Computer Sciences	60⅛	−⅛
Conagra	42¼	+½
Cons Edison	24¾	+¼
Cons Freightways	20	+½
Cons Nat Gas	42½	+½
Cons Paper	40¼xd	+⅛
Cons Rail	49⅛xd	+½
Continental Air	3.50	+.25

March 1	US$	+ or −
Intergraph	21⅛	−¼
Interlake	4.37	+.13
IBM	130⅝	+1⅝
Intl Flav & Fr	82⅜	−⅛
Intl Multifoods	38⅞	+⅛
Intl Paper	61⅜xd	....
Interpublic	42	+½
InterTAN	21½	−½
James River Va	26⅝	−¼
Jefferson Pilot	40¼	−⅛
Johnson Controls	27⅜	−1¼
Johnson & Johnson	81⅞	−¼

March 1	US$	+ or −
Petrie Stores	19⅜	−⅛
Pfizer	104½xd	−½
Phelps Dodge	66¼	+⅝
Philadel Elec	19⅛	−⅛
Philip Morris	66	+⅛
Phillips Pet	27¾	+⅜
Phillips-Van Hsn	19¾	−½
Pic'n'Save	11⅛	+¾
Pinnacle West Cap	11½	−¼
Pioneer HI Bred	46¾	−⅜
Pitney Bowes	51¼xd	−⅞
Pittston	17¼	....
Polaroid	26⅞xd	+½
Policy Mgt Sys	49½	+¼

INDICES

NEW YORK

DOW JONES	Feb. 28	Feb. 27	Feb. 26	Feb. 25	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2882.18	2889.11	2864.60	2887.87	2934.65 (15/2)	2470.30 (9/1)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	93.79	93.89	93.83	93.97	94.86 (15/2)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1131.17	1131.17	1108.78	1127.82	1131.17 (27/2)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	212.78	213.47	213.09	216.17	217.62 (11/2)	199.64 (16/1)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2923.51 (2915.35) Low 2858.42 (2839.85)

STANDARD AND POOR'S	Feb. 28	Feb. 27	Feb. 26	Feb. 25	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	367.07	367.74	362.81	367.26	369.39 (19/2)	311.49 (9/1)	369.06 (15/2/91)	4.40 (1/6/32)
Industrials	435.00	436.00	429.98	435.20	436.58 (19/2)	364.90 (9/1)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	27.99	27.80	27.36	27.82	28.80 (13/2)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	200.70	200.74	198.22	200.50	201.40 (19/2)	170.97 (9/1)	201.29 (15/2/91)	4.46 (25/4/42)
Amex Mkt. Value	346.13	342.97	341.46	342.71	346.13 (28/2)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	453.04	450.82	447.71	451.09	453.04 (28/2)	355.75 (14/1)	485.73 (9/10/89)	54.87 (31/10/72)

	Feb.22	Feb.15	Feb. 8	year ago (approx.)
Dow Industrial Div. Yield	3.47	3.44	3.57	4.26

	Feb.27	Feb.20	Feb.13	year ago (approx.)
S & P Industrial div. yield	2.89	2.19	2.91	3.16
S & P Indl P/E ratio	17.75	17.77	17.89	14.32

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Nabisco RJ	3,374,200	9⅞	+ ⅛
Ford Motor	4,726,500	32½	+ 2
LTV	4,443,500	2⅛	+ ⅛
Wal-Mart	4,410,400	35⅜	- 1¼
Westinghouse	3,686,300	26½	- ¾
Chrysler	2,947,900	14¼	+ 1⅜
Gen. Motors	2,797,800	39½	+ 1⅝
Philip Morris	2,352,900	66	- ½
Fluor	2,264,900	53⅛	+ ½
IBM	2,156,500	128¾	- 2⅛

TRADING ACTIVITY

† Volume Millions	Feb. 28	Feb. 27	Feb. 26
New York	223.010	211.410	164.170
Amex	17.679	17.890	12.567
NASDAQ	171.463	161.923	130.464
Issues Traded	2,043	2,007	2,034
Rises	1,063	1,074	429
Falls	565	494	1,154
Unchanged	415	439	451
New Highs	96	69	35
New Lows	4	5	5

CANADA

TORONTO	Feb. 28	Feb. 27	Feb. 26	Feb. 25	1991 HIGH	1991 LOW
Metals & Minerals	3114.02	3105.03	3064.05	3091.80	3224.35 (18/2)	2632.06 (9/1)
Composite	3462.37	3445.06	3421.38	3445.62	3532.54 (18/2)	3161.95 (15/1)
MONTREAL Portfolio	1825.80	1818.74	1805.79	1826.19	1882.70 (18/2)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83 † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable

AUSTRALIA
All Ordinaries (1/1/80)
All Mining (1/1/80)
AUSTRIA
Credit Aktien (30/12/84)
BELGIUM
Brussels SE (Cash Mkt) (1/1/80)
DENMARK
Copenhagen SE (3/1/83)
FINLAND
HEX General †
FRANCE
CAC General (31/12/82)
CAC 40 (31/12/87)
GERMANY
FAZ Aktien (31/12/58)
Commerzbank (1/12/53)
DAX (30/12/87)
HONG KONG
Hang Seng Bank (31/7/64)
IRELAND
ISEQ Overall (4/1/88)
ITALY
Banca Com. Ital. (1972)
JAPAN
Nikkei (16/5/49)
Tokyo SE (Topix) (4/1/68)
2nd Section (4/1/68)
MALAYSIA
KLSE Composite (4/4/86)
NETHERLANDS
CBS Tot Rtn Gen (End 1983)
CBS All Shr (End 1983)
NORWAY
Oslo SE (Ind) (2/1/83)
PHILIPPINES
Manila Comp (2/1/85)
SINGAPORE
SES All-Singapore (2/4/75)
SOUTH AFRICA
JSE Gold (28/9/78)
JSE Industrial (28/9/78)
SOUTH KOREA**
Korea Comp Ex. (4/1/80)
SPAIN
Madrid SE (30/12/85)
SWEDEN
Affarsvärlden Gen. (1/2/37)
SWITZERLAND
Swiss Bank Ind. (31/12/58)
SBC General (1/4/87)
TAIWAN**
Weighted Price (30/6/66)
THAILAND
Bangkok SET (30/4/75)
WORLD
M.S. Capital Intl (1/1/70) (S)

AMERICA

Hopes of interest rate cut help Dow to recoup losses

Wall Street

HOPES of another interest rate cut and expectations that consumer confidence will respond positively to the end of the Gulf war helped share prices recover strongly from early weakness yesterday, *writes Patrick Harverson in New York.*

By 1.30 pm the Dow Jones Industrial Average was up 24.01 at 2,906.19. The Standard & Poor's was also firmer, rising 2.52 to 369.59 by 1 pm, while the Nasdaq composite of over-the-counter stocks climbed 2.56 to 455.61. Big board turnover was heavy at 136m shares.

Shares started the day lower as computer-driven sell programs pushed the Dow down by more than 20 points. However, the National Association of Purchasing Managers' report for February – showing the manufacturing sector still in recession and a steeper-than-expected decline in January construction spending – raised hopes that the Federal Reserve would ease monetary policy further to bring the economy out of its slump.

Sentiment was also helped by comments from Mr Michael Boskin, the economic adviser to the White House, who said he expected the end of the conflict in the Middle East to help the US economy, and consumer confidence in particular.

Among individual issues, UAL rose $4 to $148 on positive press reports and bullish analyst opinion. The shares have been in demand recently on the belief that the large declines among airline stocks had pushed UAL down too far.

Speculation that Wells Fargo and Security Pacific have resumed merger talks resurfaced yesterday, sending both banks' shares higher. Although the two companies would not comment on the rumours, and said there were no announcements imminent, Wells Fargo rose $2⅝ to $72⅝ on volume of ½m shares, and Security Pacific gained $2⅛ to $29⅞ on 1m shares.

LTV, the steel group, jumped $¼ to $2⅝ on turnover of 1.1m shares after a US district court judge upheld a jury award against another steel company, USX. LTV is expected to receive $435m from the award. A third steel group, Inland Steel, eased $⅛ to $23¼ on news of more planned job cuts.

Westinghouse recovered $1 to $27⅝ on turnover of 2m shares. The stock had fallen earlier this week after the company unveiled a $975m charge on fourth quarter earnings.

A big decline was posted by Laserscope, down $2¾ at $17¾ on turnover of 1.4m shares, in the wake of a warning from the company that first quarter 1991 earnings would be below fourth quarter 1990 earnings of 36 cents a share. Laserscope's stock had already been weakened by ratings downgrades from Wall Street brokers.

Surgical Laser Technologies, another company which makes high-tech surgical equipment, fell $⅛ to $15¼ in sympathy.

Canada

TORONTO stocks recovered from an opening fall and were marginally higher at midday. The composite index gained 4.0 to 3,466.4. Advances led declines by 243 to 205 on volume of 17.3m shares.

Weakness in banking and gold shares tempered gains in 11 of the 14 sectors.

Toronto-Dominion, which fell C$⅝ on Thursday, slumped C$⅝ to C$17⅝ on volume of 3.93m shares after Thursday's poor first quarter earnings. The Dominion Bond Rating Service cut its rating on TD's long-term instruments to AA from AAA.

Wallenberg factor spurs on Swedish revival

But the bid activity cannot fully offset a sombre economic outlook, says **Robert Taylor**

SO FAR this year the Stockholm bourse has enjoyed one of the strongest revivals among the world's stock markets. From the start of the air war against Iraq on January 17 until this week's Gulf ceasefire its share index rose 32 per cent and the volume of trading increased substantially.

This contrasts sharply with Stockholm's dismal performance in 1990, the worst year in the bourse's history, when the Affärsvärlden General index plunged 29.7 per cent, compared with an overall European fall of 18.7 per cent.

The recovery, however, could yet prove to be short-lived. Yesterday the index slipped 7.90 to 1,062.20, following a rise in market interest rates and an outflow of kronor from Sweden in the past week.

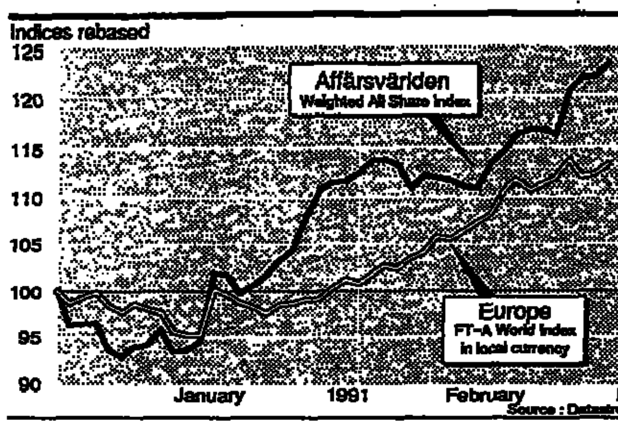
A number of reasons are being given for the recent strength, including a spate of corporate activity. The SKr16bn ($2.8bn) bid by Swiss-based liquid packaging concern Tetra Pak for Alfa Laval, the dairy and food processing equipment manufacturer, in late January promises an influx of fresh money to the market in the spring.

On top of this has come the SKr12.8bn bid this week by the Wallenberg investment companies, Providentia and Investor, for complete control of the vehicle and aerospace group Saab-Scania. This strategic move by the Wallenberg family to defend the core of its industrial empire has aroused a good deal of investor interest.

The customary seasonal flurry from Sweden's financial institutions, normally flush with money in January for investing, has also taken place – and this year they seem more interested in investing in domestic rather than foreign equities.

Other factors have additionally helped to brighten the atmosphere in Stockholm. Sweden's overall financial position has improved, with a steady fall in the high level of interest rates since last autumn's financial crisis.

The market was also pleased by the 1991 budget published in January, which showed that finance minister Mr Allan Larsson intended to stick to his market-oriented economic strategy with SKr15bn of public spending cuts, even if it meant worrying the Social Democratic faithful in a general election year with the



Source: Datastream

prospect of higher unemployment. Mr Larsson's firmness in giving the highest priority to bringing down inflation was welcomed on the bourse.

There has also been monetary stability, with the krona steady on foreign exchange markets, while there are signs of growing foreign confidence in the Swedish economy with a capital investment inflow.

In addition, investors may draw comfort from the government's apparent abandonment of the anti-nuclear policy, which had threatened to raise industrial costs. The anti-nuclear stance had also increased the probability of the ruling Social Democrats losing the general election in September.

The Stockholm bourse is not about to return to the bullish days of the 1980s, however. Mr Brian Knox at Kleinwort Benson takes a very cautious view of prospects, believing that most of its recovery may already have taken place.

The corporate results picture so far this year has been rather dismal, with the exception of Astra, the pharmaceuticals company. This week SKF, the ball bearing company, reported a loss in the fourth quarter of 1990 and even Ericsson, the telecommunications giant, upset the market when it suggested that this year's profits would not be as good as last year's. Companies such as Atlas Copco and Esab have reported profit falls, although Electrolux results were better than expected.

There has been a particularly strong performance so far this year in construction and real estate, the big losers in 1990. The expected official go-ahead for the huge Oresund bridge project to link Denmark with Sweden this spring should boost them further, while the prospect of infrastructure deals in the war-torn Gulf will also help.

New share issues this summer and the prospect of changes in company law to remove current restrictions on foreign ownership could also help to encourage the bourse. The prospect of Sweden's application to join the European Community by mid-summer may also stimulate interest.

But the economic outlook remains sombre, with the prospect of a further sharp drop in industrial investment in 1991, negative growth and a worsening current account deficit. In short, the bourse could yet have a bumpy ride this year.

ASIA PACIFIC

Tokyo sheds 2% as traders clear books before weekend

Tokyo

THE OVERNIGHT fall on Wall Street, the weaker yen and lower bond prices discouraged investors, and share prices fell sharply as traders cleared their books before the weekend, *writes Emiko Terazono in Tokyo.*

The Nikkei average fell 527.65 or 2 per cent to 25,881.57, closing below 26,000 for the first time in five days but ending the week little changed. The index opened yesterday at the high of 26,389.25 and fell to the day's low of 25,856.71 on index-selling by investment trusts.

Volume fell to 600m shares from Thursday's 1bn. Losers led winners by 814 to 214, with 116 issues unchanged. The Topix index of all first section stocks fell 28.66 to 1,931.66; in London trading, the ISE/Nikkei 50 index fell 8.61 to 1,475.13.

Rumours that Kuwait was selling Japanese government bonds and buying dollars in order to raise funds for post-war reconstruction swept the financial markets. The yen declined by Y2.30 against the dollar to Y134.25, while in the bond market, the yield on the 129 10-year benchmark rose 0.16 percentage points to 6.61 per cent.

Interest-rate sensitive issues fell on higher bond yields. Sumitomo Metal Industries, the most active issue of the day, fell Y4 to Y526 and NKK declined Y5 to Y450.

Kumagai Gumi, the construction company which rose sharply on Thursday on hopes that it would be involved in reconstruction projects in the Gulf, fell Y19 to Y980. Chiyoda, the plant engineering company also seen as a Gulf reconstruction-related issue, fell Y80 to Y2,530.

NEC fell Y40 to Y1,600 on reports that its pre-tax profits would rise by only 5 per cent, down from the original forecast of 7 per cent, for the year ending March this year.

Mitsubishi Motors, one of the few bright spots, rose Y15 to Y789 on the news that the company would report strong growth in sales and profits for the year ending March 31, owing to brisk sales of its new models.

Some rubber issues were bought as laggards. Okamoto Industries gained Y35 to Y859, and Kinugawa Rubber added Y10 to Y620.

In Osaka, the OSE average fell 146.97 to 28,852.26 in volume of 67.7m shares. Nintendo, the game maker, lost Y300 to Y21,500.

Roundup

WEAKNESS in the US and Tokyo weighed on Pacific Rim markets yesterday. Australia had the additional burden of news of heavy cash calls. Seoul and Bombay were shut.

AUSTRALIA was led lower by a 4 per cent fall in the banking sector after Thursday's late news of a record A$1.06bn one-for-five rights issue from National Australia Bank. The All Ordinaries index lost 10.4 to 1,395.2, but was little changed on the week. Turnover jumped to A$362m from A$190m.

NAB fell 26 cents to A$6 in heavy turnover of 2.74m shares, ANZ fell 19 cents to A$3.38 with 8.8m shares traded and Westpac dropped 13 cents to A$4.

Lend Lease, the construction and finance concern, fell 25 cents to A$15.55 on Thursday's news of a one-for-10 rights issue. Building products company Boral, which is due to report results on Monday, fell 9 cents to A$3.66.

SINGAPORE awaited details of the 1991 fiscal year budget, although selective bargain-hunting in some laggard stocks provided support. The Straits Times Industrial index fell 10.69 in early trading, but then recovered to finish 3.41 higher at 1,462.98, up 1.2 per cent on the week. Turnover fell to S$192.8m from S$290.9m.

HONG KONG spent most of the day trying to break through the post-1987 crash high of 3,560. The Hang Seng index went as high as 3,565.02 before ending just 0.23 higher at 3,552.37, up 2.2 per cent on the week. Turnover surged to HK$2.16bn, the heaviest in seven months, from HK$1.64bn.

BANGKOK re-opened after Thursday's holiday and closed broadly higher in active trade after tax and oil price cuts were announced, although late profit-taking pared gains. The SET index rose 20.91 or 2.7 per cent to 790.04 – almost unchanged on the week – on turnover of about 5.5bn baht.

MANILA fell in volatile trading. Buyers flooded the oil and mining sectors, but profit-taking hit commercial stocks. The composite index fell 20.47 or 2.1 per cent to 962.56, up 0.7 per cent on the week.

TAIWAN's weighted index eased 78.04 or 1.6 per cent to 4,965.33, but was up 1.7 per cent on the week. Volume fell to T$57.1bn from T$78.9bn.

KUALA LUMPUR closed lower on continued profit-taking. Expected lower earnings from the export of 450,000 barrels a day of crude oil has hurt sentiment. The composite index fell 2.89 to 559.51, but was 0.9 per cent up on the week. Turnover dropped to 77.8m shares from 103.1m.

NEW ZEALAND followed Australia lower. The Barclays index fell 2.71 to 1,363.36, but was up 2.4 per cent on the week. Turnover rose to NZ$14.8m from NZ$11.1m.

JAKARTA declined in thin trading as funds continued to flow out of equities into high-interest bank deposits. The index dropped 3.41 to 387.93 on volume of 1.5m shares.

SOUTH AFRICA

GOLD SHARES extended their gains in spite of profit-taking before the weekend. The Johannesburg all-gold index rose 15 to 1,082. The rest of the market eased: the industrial index fell 20 to 3,198 and the all-share lost 2 to 2,801.

EUROPE

Profit-taking spreads throughout Continent

PROFIT-TAKING spread throughout the Continent yesterday, after Thursday's mixed performance, *writes Our Markets Staff.*

PARIS dipped on profit-taking, but finished above the day's lows. The CAC 40 index closed 13.00 down at 1,746.79, after finding support at the 1,732.86 level, and ended the week 1.7 per cent higher. Turnover was about FFr2.6bn after Thursday's FFr3.3bn.

Volume was swelled by a block of 550,000 shares in sugar producer Béghin-Say – 5 per cent of its share capital – at about FFr790 a share. The stock jumped FFr28 or 3.7 per cent to FFr778. A unit of Ferruzzi Finanziaria of Italy said that it had made the purchase, raising its stake to 60 per cent.

Several of the leaders of Thursday's advance fell back, but Thomson-CSF rose another FFr1.80 to FFr139.60. The electronics company said that it had won an order from Kuwait worth tens of millions of francs for a broadcasting system.

L'Oréal, the cosmetics company, closed FFr11 down at FFr518, recovering from a low of FFr509. The selling followed a newspaper report that the company had discussed taking over Revlon of the US. L'Oréal declined to comment.

ZURICH slipped in thin trading as investors responded to the higher dollar and rising interest rates by taking profits. The Crédit Suisse index fell 4.4 to 535.1, but rose 1.4 per cent on the week.

Activity centred on the bank sector, with Union Bank of Switzerland bearers losing SFr30 to SFr3,350 after the company announced a fall in 1990 profits but said it would hold the dividend. Ciba-Geigy, the chemical group, saw its bearers shed SFr40 to SFr2,790 after Thursday's news of a dividend cut.

Omni Holding remained suspended. The debt-laden investment company said that it was still in talks with Lonrho of the UK. A Berne judge has ordered Omni to replace or pay its debt for 100,876 shares in Adia, the employment company in which Omni plans to sell its stake. Adia rose SFr10 to SFr980.

MILAN continued to fall in spite of the news that the Italian cabinet had approved a halving of stamp duty on shares to L50 per L100,000 traded. Fiat dropped L214 or 3.8 per cent to L5,411. The Comit index fell 11.06 to 561.46, down 2 per cent on the week.

CIGA, the hotel group, rose L51 to L3,031 on hopes that tourism in the Mediterranean would recover now that hostilities in the Gulf had ceased.

Pirelli fell L50 to L1,750 although the price was supported by speculation that it and its allies had control of more than 50 per cent of Continental of Germany.

FRANKFURT fell for a second day. "The market had a good run and was looking tired," one dealer said. Because the market had lost its gains almost as fast as it had made them, however, it was possible that the buyers would come back next week, he added.

The FAZ index, calculated at midsession, fell 14.28 or 2.2 per cent to 648.67, down 2.7 per cent on the week. The real-time DAX index closed 25.35 or 1.6 per cent down at 1,516.74, near the day's low. It lost 4.2 per cent on the week. Volume was unchanged at DM6.7bn.

There was some activity in the car sector. Volkswagen fell DM6 to DM355 after reporting a 48.2 per cent increase in domestic car sales in the first two months of 1991. Porsche, which said six-month pre-tax earnings had fallen 13.4 per cent to DM65m, gained DM5 to DM825.

AMSTERDAM eased in thin trading. The CBS tendency index fell 0.5 to 88.7, up 1.1 per cent on the week.

Nat-Ned and NMB were both suspended – at Fl 54 and Fl 43.20 respectively – before the news that Aegon had given up its fight to stop the two companies merging and was tendering its 10 per cent block of Nat-Ned shares. Aegon lost 40 cents to Fl 121.20.

Elsevier fell to Fl 75.30 before closing 10 cents better at Fl 77.10 on speculation that the publishing group and Pearson of the UK would soon unwind their cross-holdings.

Heineken, the brewer, rose 30 cents to Fl 145.30 before announcing 1990 results in line with expectations.

MADRID declined, the general index falling 2.5 to 261.63 to end the week almost flat.

ISTANBUL's 75-share index eased 27.47 to 5,075.10, for a 6 per cent fall on the week. ATHENS was steady on the day, but 5.5 per cent higher on the week, while NICOSIA's Cisco index jumped 23.4 or 9 per cent to 283.5.

FT-SE Eurotrack 100 - Mar 1

Hourly changes

Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1051.15	1052.11	1050.37	1050.48	1048.94	1046.62	1044.24	1045.70

Day's High 1052.24 Day's Low 1044.15

Feb 28	Feb 27	Feb 26	Feb 25	Feb 22
1058.74	1056.65	1050.88	1071.93	1053.96

Base value 1000 (26/10/90)

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY FEBRUARY 28 1991								WEDNESDAY FEBRUARY 27 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990/91 High	1990/91 Low	Year ago (approx)
Australia (75)	133.04	+1.1	103.24	111.85	105.58	112.69	+0.9	5.97	131.57	101.76	109.99	104.04	111.64	158.31	112.74	140.18
Austria (19)	216.92	+1.2	168.34	182.38	172.16	171.48	+1.0	1.59	214.46	165.86	179.28	169.59	169.83	285.63	167.00	264.78
Belgium (60)	150.22	+1.5	116.57	126.28	119.21	116.14	+1.6	5.07	148.06	114.51	123.77	117.06	114.29	160.02	121.73	134.70
Canada (116)	137.65	+0.6	106.82	115.72	109.23	114.62	+0.5	3.50	136.85	105.84	114.40	108.21	114.11	153.61	121.24	140.24
Denmark (32)	264.55	−0.1	205.29	222.41	209.95	211.03	+0.3	1.64	264.69	204.71	221.27	209.30	210.42	277.62	217.74	242.48
Finland (21)	113.79	+0.2	88.30	95.67	90.31	87.68	+0.0	3.21	113.56	87.83	94.94	89.80	87.69	152.29	90.61	146.89
France (113)	148.88	+1.3	115.53	125.16	118.14	121.32	+1.7	3.40	146.97	113.67	122.86	116.21	119.31	168.85	121.85	142.18
Germany (88)	121.31	+0.3	94.14	102.00	96.27	96.27	+0.7	2.37	120.90	93.51	101.08	95.60	95.60	144.63	101.38	123.41
Hong Kong (48)	144.28	+1.5	111.96	121.29	114.51	144.32	+1.5	4.65	142.15	109.93	118.83	112.41	142.22	147.49	112.24	120.18
Ireland (16)	172.36	+0.9	133.76	144.91	136.79	138.98	+1.2	3.29	170.76	132.07	142.75	135.03	137.34	198.57	132.88	188.09
Italy (91)	86.19	−0.2	66.88	72.46	68.40	73.35	+0.1	3.44	86.33	66.77	72.17	68.27	73.28	109.26	72.05	91.85
Japan (453)	144.33	+0.8	112.00	121.34	114.56	121.34	+1.4	0.71	143.12	110.69	119.65	113.19	119.65	197.28	106.58	163.48
Malaysia (34)	229.44	+0.4	178.05	192.89	182.09	240.27	+0.4	3.14	228.62	176.81	191.11	180.78	239.23	250.89	182.96	235.00
Mexico (12)	602.34	+0.4	467.43	506.40	478.03	1961.88	+0.5	0.35	599.68	463.79	501.32	474.21	1952.55	613.98	324.53	383.63
Netherland (41)	143.06	+1.0	111.02	120.27	113.54	112.31	+1.3	4.82	141.69	109.59	118.45	112.05	110.91	149.03	125.70	130.43
New Zealand (15)	48.77	+2.2	37.85	41.01	38.71	43.17	+2.0	7.87	47.74	36.92	39.91	37.76	42.33	75.38	41.18	64.62
Norway (30)	211.65	+3.4	164.25	177.94	167.98	171.07	+3.2	1.67	204.76	158.36	171.18	161.92	165.71	276.79	182.24	232.18
Singapore (25)	197.52	+1.2	153.28	166.06	156.75	157.01	+1.0	2.31	195.21	150.97	163.19	154.36	155.40	209.24	147.24	191.38
South Africa (60)	198.17	+0.5	153.78	166.60	157.27	139.51	+1.8	3.90	197.23	152.54	164.88	155.96	137.08	251.39	151.50	198.29
Spain (41)	165.74	−0.5	128.62	139.35	131.54	119.35	−0.2	4.75	166.57	128.82	139.25	131.72	119.56	182.25	128.54	146.90
Sweden (27)	195.94	+0.8	152.06	164.74	155.51	164.25	+1.0	2.51	194.33	150.30	162.46	153.68	162.62	234.93	146.60	181.99
Switzerland (65)	97.22	−1.3	75.44	81.74	77.16	79.92	−0.6	2.59	98.54	76.21	82.38	77.93	80.39	109.77	82.17	91.87
United Kingdom (296)	182.73	+1.0	141.80	153.61	145.00	141.80	+1.4	4.98	180.89	139.90	151.20	143.03	139.90	182.73	139.87	151.51
USA (526)	148.76	−0.2	115.44	125.07	118.07	148.76	−0.2	3.30	149.01	115.24	124.57	117.83	149.01	149.55	119.06	134.80
Europe (940)	148.88	+0.7	115.53	125.16	118.16	117.24	+1.0	4.00	147.87	114.36	123.61	116.93	116.04	157.65	124.91	135.71
Nordic (110)	194.28	+0.7	150.76	163.33	154.19	152.58	+0.9	2.07	192.84	149.14	161.21	152.49	151.15	223.29	155.55	186.97
Pacific Basin (650)	143.56	+0.9	111.40	120.69	113.93	121.43	+1.4	1.03	142.32	110.07	118.97	112.54	119.76	192.75	107.82	160.99
Euro – Pacific (1590)	146.10	+0.8	113.37	122.82	115.94	120.52	+1.2	2.27	144.95	112.10	121.16	114.61	119.04	174.18	116.03	151.11
North America (642)	147.99	−0.1	114.84	124.43	117.47	146.48	−0.1	3.31	148.17	114.60	123.88	117.19	146.67	148.87	119.26	135.03
Europe Ex. UK (644)	128.15	+0.4	99.45	107.76	101.73	102.82	+0.8	3.27	127.60	98.68	106.69	100.92	102.01	145.62	106.85	124.81
Pacific Ex. Japan (197)	133.65	+1.3	103.71	112.38	106.08	118.29	+1.2	5.13	131.98	102.07	110.35	104.38	116.95	146.72	111.40	130.71
World Ex. US (1778)	146.59	+0.8	113.76	123.25	116.34	121.00	+1.2	2.33	145.45	112.49	121.60	115.02	119.53	173.77	117.12	151.33
World Ex. UK (2008)	142.62	+0.4	110.67	119.91	113.20	128.45	+0.7	2.38	142.08	109.88	118.78	112.36	127.61	162.00	115.37	143.72
World Ex. So. Af. (2244)	145.88	+0.5	113.19	122.64	115.77	129.69	+0.7	2.65	145.21	112.30	121.40	114.83	128.75	161.84	118.04	144.07
World Ex. Japan (1851)	148.58	+0.3	115.30	124.93	117.94	134.12	+0.4	3.66	148.20	114.62	123.90	117.21	133.58	151.59	124.31	135.99
The World Index (2304)	146.18	+0.5	113.44	122.90	116.02	129.76	+0.7	2.87	145.52	112.54	121.65	115.08	128.81	162.05	118.33	144.39

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Midi(Cie du)(France) has absorbed AXA-MIDI Assurances (France) and adopted the name AXA. Latest prices were unavailble for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

BRITISH FUNDS—Contd

Index-Linked

[illegible]

INT. BANK AND O'SEAS

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Contd

[illegible]

CANADIANS

[illegible]

Continued on next page

هكذا من الأصل

LONDON SHARE SERVICE

● For Latest Share Prices on any telephone ring direct-0836 43 + four digit code (listed below). Calls charged at 44p per minute peak and 33p off peak, inc VAT.

BANKS, HP & LEASING

1990/91 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£13½	£9	ABN Amro Fl5	£9¼	...	Q28%	2.1	8.9	5.3
303	121	ANZ $A1	138	-4	Q38c	1.9	11.2	4.8
267	172	Abbey National 10p	257	.....	9.5	ø3.0	5.1	8.7
*274	126	Allied Irish Ord	173	-3	†Q40%	3.3	5.2	7.8
85	47	Anglo Irish	65	...	Q18.6%	2.3	6.4	8.6
93	43	Ansbacher (H.) 1p	43	-1	2.5	1.3	7.8	12.4
£71¼	£32½	Bancaire Cie Fr100	£51¼	-¼	Q124%	–	2.5	–
£22¼	£12½	Banco Bilbao Viz	£16¾	+½	Q49.1%	2.7	5.0	7.4
£58⅞	£21⅞	Banco de Santander	£27⅝	-⅞	Q28.7%	2.3	4.3	9.8
286	130	Bank Ireland IrE1	182	-2	Q14.7%	2.9	7.2	6.4
£19½	£18	Bank Leumi	£19½	...	–	–	–	–
351	320	Bank Leumi (U.K.)£1	350	.....	16.0	–	6.1	–
134	100	Bank Scotland	131	...	†4.55	3.4	4.6	8.4
110	83¼	Do. 9¼pc Irrd Pf £1	103¼	-½	9¼%	–	11.9	–
107¼	99½	Do. 9¾pc Irrd Pf £1	107	-½	9¾%	–	12.1	–
54	39	Bank of Wales	42	.....	2.8	0.8	8.9	(20.2)
429	290	Barclays £1	429	+12	21.15	♦	6.6	♦
22	9	Benchmark 20p	9	.....	0.75	–	11.1	–
335	195	Brown Shipley £1	224	.....	±12.0	2.2	‡	7.2
*458	285	Cater Allen £1	457	.....	F24.5	–	7.1	–
179	29	Chancery	36	.....	‡9.0	2.7	‡	1.4
£23¼	£14	Commerzbk DM10	£18	-⅛	Q18%	–	3.4	–
£13¼	620	Dai Ichi KBk Y50	875	+7	Q17%	6.2	0.4	41.3
£313⅛	£189¼	Deutsche Bk DM50	£217¼	-4⅛	Q28%	–	2.2	–
£20¾	£14⅝	Espirito Santo	£17	.....	Q75c	5.1	2.2	8.7
253	152	First Nat. Fin. 10p	187	.....	13.0	1.2	9.3	(11.1)
121	78	FNFC 6.3pc Cv. Pf. £1	98	.....	6.3%	–	8.6	–
£13¼	633	Fuji Bank Y50	1004	-4	†Q17%	6.9	0.3	42.7
340	262	Gerrard & National	339	-1	19.0	–	7.5	–
154	67	Guinness Mahon 10p	67	....	1.45	–	2.9	–
328	194	Hambros 20p	273	...	f11.5	–	5.6	–
128	88	Do. 7.5pc Cv Pf £1	114xd	-1	7½%	–	8.8	–
53½	29	HK & Shang HK$2.50	38xd	+1	K039c	–	6.9	–
478	373	Joseph (Leo) £1	378	...	15.65	–	5.6	–
150	105	King & Shaxson 20p	137	+2	10.25	–	10.0	–
422	249	Kleinwort Benson Grp	332	-5	16.0	2.5	6.4	7.9
642	316	Kyowa Bank Y50	446	-16	Q14%	♦	0.7	♦
343	220	Lloyds £1	343	+7	15.3	ø1.5	5.9	14.3
56	44	Lon. Scot. Bank 10p	54	+1	2.75	1.7	6.8	9.9
404	150	Midland £1	195	+5	†18.0	2.6	12.3	4.0
£14½	£10⅞	Mitsubishi Bank Y50	£10⅞	...	†Q17%	♦	0.3	♦
£12¼	£4⅝	Mitsubishi Tst & Bk Y50	£6⅞	-⅛	Q17%	12.4	0.6	12.5
£10⅝	£4⅞	Mitsui Taiyo Kobe Y50	£7¼	-¼	†Q16%	6.0	0.4	39.5
904	410	Mitsui Tst & Bk Y50	529	-10	Q17%	♦	0.6	♦
326	203	Nat. Aust. Bk. A$1	247	-1	G055c	1.5	9.3	7.4
368	227	NatWest £1	313	+2	17.5	♦	7.7	♦

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS – Contd

ELECTRICITY

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INSURANCES

LEISURE

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

Hire Purchase, Leasing, etc.

LONDON SHARE SERVICE

● For Latest Share Prices on any telephone ring direct-0836 43 + four digit code (listed below). Calls charged at 44p per minute peak and 33p off peak, inc VAT

MOTORS,AIRCRAFT TRADES

1990/91 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
131	50	ABI Leisure 10p....β	60	+5	3.1	4.4	6.1	4.7
£14¼	£5¼	DAF N V. Fl5	£6⅞	–⅛	Q50%	2.0	10.8	4.5
149	79	General Mtrs Units..	103¼	+5	hQ12½%	–	6.1	–
41	9	March Group 5p..β	14	...	8–	–	–	–
*£22¾	£18¼	Volkswagen DM50 .	£121¼	–3¼	Q22%	3.5	3.0	9.5
£44½	£18¼	Volvo AB 'B' Kr25..	£26¼	...	Q62%	4.3	5.3	4.4

Commercial Vehicles

High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
253	60	ERF (Hldgs).. ....β	134	...	†10.0	1.6	‡	8.2
180	48	Plaxton Grp. ..... β	49	...	8.5	2.0	23.1	2.7

Components

High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
463	420	Abbey Panels..	463	...	3.5	10.8	1.0	12.3
225	123	Airflow Streamlines. β	140	......	6.0	3.0	5.7	7.8
190	140	Bostrom 5p .... β	140		†5.75	3.1	5.5	6.4
266	145	Dowty 50p........ α	184	+7	†9.0	2.1	6.5	8.8
239	110	F R Group . . . . . α	150	+5	6.37	3.1	5.7	7.7
135	55	Kwik-Fit Hldgs. 10p α	98	+3	†2.4	2.3	3.3	18.1
174	102	Lucas Inds. ... ... α	169	+4	7.0	2.5	5.5	8.3
44	14	Do. Warrants ..... α	30½	+1½	–	–	–	–
80	48	Mid-States 10p β	48	....	s20.75	–	2.1	30.1

Garages and Distributors

High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
28	14	Alexanders 10p.. .β	23	+1	1.0	3.4	5.8	6.3
135	60	Appleyard 10p .β	76	+1	†7.8	2.4	13.7	3.6
110	55	Bletchley Motor 20p .β	73	....	†7.5	1.9	13.7	5.2
568	378	Caffyns 50p. β	383	+3	11.5	1.0	4.0	(34.9)
121	88	Central Motor Auct/s β	90xd	....	3.5	2.7	5.2	8.6
61	15	Cook (D C.) Hlgs 5p . α	17	......	1.0	5.3	7.8	3.2
89	33	Cowie (T.) 5p. ... . α	71	+2	3.7	♦	7.2	♦
95	56	Dagenham Motors 10p β	83	+2	†5.25	2.8	8.4	5.7
98	70	Davenport Vernon 10p. β	85xd	....	4.0	2.4	6.3	8.7
247	158	Evans Halshaw . β	209	+2	11.25	2.4	7.2	7.6
113	67	Gates (F G.)... .β	70	.	2.75	1.9	5.2	13.1
161	25	Gowrings 10p . β	44	+5	5.63	1.0	17.1	7.6
81	44	Jacks Wm ....β	44	...	‡2.0	1.0	‡	21.6
118	41	Jessups...... .. ...β	57	....	7.0	1.0	16.4	8.3
297	118	Lex Service... . ...α	178	+1	15.3	1.9	11.5	6.3
147	50	Lookers... ..... . β	84	+2	6.2	2.3	10.0	5.6
43	21	MAglava Group 10p β	21	..	2.0	♦	12.7	♦
133	85	Pendragon .. ...α	117	+13	21.8	–	2.1	7.5
178	99	Perry Group. ......β	123	..	9.0	1.4	9.8	9.1
133	45	Quicks Group 10p .β	71	+1	6.0	3.0	11.3	3.7
255	150	Sanderson Murray Elder 50p.. β	255	+20	a6.67	♦	3.6	♦
26½	13½	Trimoco 10p ......α	21½		1.4	2.4	8.7	6.2
£222	£115	Do.11¼pc Ln '96.	£182	..	Q11.5	–	6.3	–
86	65	Vardy (Reg) 10p ...β	82	+1	†2.4	3.4	4.0	9.0

NEWSPAPERS, PUBLISHERS

High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
93	23	Adscene 5p ..... .β	50xd	...	‡4.0	0.9	‡	13.5
273	183	BPP Hldgs 10p ....β	235	+7	†5.25	2.6	3.0	17.3
190	125	Barbour Index... . β	167	...	†6.0	2.2	4.8	12.6
520	385	Black (A. & C.)... β	500	.	13.0	2.3	3.5	16.1
1020	570	Blenheim Group 5p. α	718	+8	20.0	2.4	3.7	12.9
375	210	Bristol Eve. Post.. β	249	+5	11.5	1.6	6.3	13.7
£61	£35	Daily Mail 'A' 50p . β	£45¼	..	110.0	2.9	3.2	11.6
257	179	EMAP ....α	225	.	†6.5	2.7	3.9	12.6
383	323	Euromoney Pubs 1p β	353	.	18.5	1.5	7.0	12.6
*178	75	&EW Fact 5p.. . ..β	93	....	†q3.5	1.9	5.0	10.1
195	112	Gardner D.C. 5p β	117		†4.3	2.0	4.9	10.3

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PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY–Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

INVESTMENT TRUST

[illegible]

INVESTMENT TRUST–Contd

[illegible]

INVESTMENT TRUST–Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

1990/91 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
25½	12	Aberdeen Pet 10p...α	14	......	–	–	–	28.7
14½	7	AmBrit Intl....... α	7	......	–	–	–	♦
*69	28	Aran Engy 20p.... α	37	+1	–	–	–	–
13	4½	Atlantic Res IrE.05	5¼	–¼	–	–	–	–
39	25	Atlantis Res..........	28	+1	–	–	–	–
*47	10½	Aviva Petroleum.... α	11½	–⅛	–	–	–	–
10	2	Barract Energy 10c	3¼	......	–	–	–	–
40	23	Blackland Oil 10p..β	23½	......	–	–	–	–
27	8½	Blystad Group 1p.. α	9	+½	–	–	–	11.6

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES–Contd

1990/91 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
63	35	Central Pacific.......	36	......	–	–	–
7½	2½	Croesus Mining N.L....	3	......	–	–	–
34	16	Delta Gold 25c.......	25	+2	–	–	–
104	27	Dominion Mining......	55	+2	†Q4c	7.8	5.1
13	11	Doral Resources........	13	......	Q1c	–	3.1
8	1½	Dragon Mining.......	1½	......	n–	–	–
164	20	Emperor Mines......	22	+1	–	–	–
3	1½	Endeavour 20c.......	3	+1	–	–	–
62	19½	GM Kalgoorlie 5c..	22½	+2	–	–	–

[illegible]

1990/91 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
49½	9	Kenmare ....γ	11	+1½	–	–	–
45	15	Navan Resources...γ	15	......	–	–	–
20½	7	New Sabina Res C$1..	7	......	–	–	–
457	52	Northgate Expl. C$1..	59	... –	♦	–	–
36	12	North West Exp......	12	......	–	–	–
39¼	2	Nor-Quest Res........	6	–1	–	–	–
255	75	Oryx Gold Hldgs.......	96	......	–	–	–
57	11	Ovoca Gold IR 2p.. γ	11	–2	–	–	–
93	39	Plateau Mining 20p... β	39	......	–	–	–
605	392	RTZ 10p.............. α	534	+4	†18.5	2.5	4.6
14	4½	Thorco Res. Inc.‖....	6	......	–	–	–
18	5	Vizcaya Hldgs 5p...β	8	......	–	–	–
178	130	Young Group 10p.. β	138	–2	†7.8	2.7	8.0

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend: cover on earnings updated by latest interim statement.
- † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ¥¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991 Q Gross R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Craig & Rose £1.. β	675	......
Finlay Pkg. 5p.... β	30	......
Holt (Jos) 25p.... β	1313	......

IRISH

Stock	Price	+ or –
Cap. 8½% Ln. 1991..	£99½	......
9pc Cap Ln. 1996..	£97¼	–⅛
Fin. 13% 97/02...	£114	......
Arnotts............	160	......
Carrol (P.J.).........	154	......
Helton Hldgs......γ	45	+2
IRG................	158	......
United Drug.........	150	......

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons...........	40
Amstrad..............	6
Astec (BSR)...........	4½
BAT...............	46
BOC Grp.............	28
BTR.................	25
Barclays.............	38
Blue Circle...........	19
Boots..............	29
Bowaters.............	43
Brit Aerospace........	45
British Steel	10½
Brit. Telecom..........	25
Cadburys............	28
Charter Cons..........	38
Comm Union..........	40
Courtaulds...........	28
Eurotunnel	35
FKI	5
FNFC...............	20
Gen Accident.........	41
GEC...............	15
Glaxo..............	68
Grand Met...........	51
Guardian.............	17
GKN...............	27
Hanson..............	16
Hawker Sidd..........	35
ICI................	70
Ladbroke	22
Legal & Gen.	32
Lex Service...........	17
Lloyds Bank..........	24
Lucas Inds............	11
Marks & Spencer.......	19
Midland Bk...........	16
Nat West Bk.	21
P & O Dfd............	44
Racal Elect...........	16
RHM...............	23
Rank Org Ord..........	52
Reed Intnl............	32
STC................	19
Sears...............	7½
SmKl Beecham A......	51
TI.................	35
TSB................	11
Tesco..............	19
Thorn EMI...........	55
Trust Houses.........	23
T&N...............	13
Unilever.............	52
Vickers..............	16
Wellcome............	33

Property

Stock	p
Brit Land............	24
Control Secs..........	3½
Land Securities........	45
MEPC..............	38
Mountleigh...........	9

Oils

Stock	p
Aviva Petlm...........	3
Brit Petroleum.........	27
Burmah Castrol........	46
Conroy Petlm.........	15
Gaelic Res.	1½
Premier..............	7
Shell................	37
Teskar Res...........	2
Ultramar.............	29

Mines

Stock	p
Lonrho..............	19
RTZ...............	48

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

هكذا من الاصل

"Top 1990 UK Equity Growth Trust"
Lloyds Bank Unit Trust Managers

FINANCIAL TIMES
Weekend March 2/March 3 1991

"4th out of 77 UK Fund Managers"
Lloyds Bank Unit Trust Managers

Labour and local groups attack Wandsworth's cut of £12 from this year's bill

Tory flagship sets new poll tax low

By Richard Evans

THE LONDON borough of Wandsworth, pride of Conservative local government, yesterday cut its poll tax figure for the year from April to £136 and again set a benchmark for other councils to match.

The decision to reduce the current level of £148, the lowest community charge in England, will boost Conservative party morale ahead of the local government election on May 2, which could hold the key to the timing of the general election.

The poll tax seems certain to remain one of the most damaging issues for the government electorally, despite its expected abolition as a result of the review being conduced by Mr Michael Heseltine, the environment secretary. But Wandsworth council leaders claimed it could be made to work.

The reduction was fiercely criticised by Labour leaders and by local protest groups, who argued the low poll tax was only possible through "callous" cuts in services.

There was also criticism that Wandsworth, and the other paragon of Tory local authority virtue, the City of Westminster, had indulged in a "macho" battle to set the lowest poll tax regardless of the consequences. Westminster has fixed its charge at £176, £19 less than the current level.

Of Wandsworth's total budget of £234m, only £25m is being raised from community chargepayers, a smaller proportion than average. The budget is £15m less than the spending ceiling allowed by the government, but Sir Paul Beresford, leader of the council, said that services in the borough stood up favourably in comparison with those of any other authority.

Mr Maurice Heaster, policy and finance committee chairman, said the borough had healthy reserves of £20m and a contingency fund of £15m, the same as last year, after £7.5m had been put towards funding the community charge. This transfer from reserves reduced the poll tax by £41 a head.

"But we haven't raided the larder and we are still in a very healthy financial position," he said. "We are not talking about major cuts, but about reviewing how we deliver services more efficiently."

Mr Bryan Gould, Labour's environment spokesman, said the lesson from Wandsworth and Westminster was that one could only have a low poll tax by savagely cutting services and bringing local government into disrepute.

Mr Tony Belton, leader of the Labour group that suffered a heavy defeat in the local elections last May, accused the Tories of selling off vital services to reduce overheads. "Wandsworth is continuing with its dreadful record of auctioning council services. This is a game of buying votes at the cost of services for people who need them."

Fear and dismay, Page 6

Polls apart from the community charge: Michael Heseltine takes time out from work on his review of the controversial tax to visit Sheffield's Ponds Forge Sports Centre, part of facilities for the World Student Games in July

British Gas fights price curb order

By David Thomas, Resources Editor

BRITISH GAS was last night heading for an unprecedented legal battle with the Office of Gas Supply, the industry's regulator, after it challenged a legal order preventing it raising prices to some big industrial customers.

The order was made by Mr James McKinnon, Ofgas director general, following British Gas's decision on Thursday to raise prices for gas supplied to power stations by 35 per cent from today.

But the order was rejected as invalid by British Gas, which said it would take the issue to the High Court. This clash is likely to take relations between the company and its regulator to a new low.

Mr McKinnon was angered both by the size of the increases and by the fact that they were announced with only 24 hours' notice.

The short notice yesterday caused pandemonium among independent electricity companies, which are trying to enter the UK's newly competitive electricity market.

Many have been embroiled in months of negotiations about plans to build gas-fired power stations with British Gas, the UK's near monopoly gas supplier.

Fearing that the new prices would make their projects unviable, the independent producers yesterday lobbied Mr McKinnon for help in agreeing contracts at current prices.

After a last-ditch attempt to persuade British Gas to sign voluntary deals with independent producers at current prices, Mr McKinnon invoked his powers to issue legally binding orders under the 1986 Gas Act for the first time.

The orders, known as "enforcement orders," require British Gas to agree contracts with named customers at current prices.

Ofgas officials travelled to British Gas's headquarters in central London late yesterday afternoon to issue the first order, which applied to Thames Power's plans for a £550m, 1,000MW station at Barking Reach in east London.

Thames Power – a joint venture between BICC, CU Power of Canada and Schroders – wants a 15-year contract to burn 500m therms of gas a year, equivalent to about 9 per cent of industrial gas demand.

The Ofgas officials warned British Gas that up to three other enforcement orders might be issued by the midnight deadline.

Texaco also warned Ofgas it might ask for an enforcement order. It wants to build a £450m, 1,110MW station at its refinery in Pembroke, west Wales.

However, British Nuclear Fuels secured a voluntary deal yesterday from British Gas without seeking Ofgas's intervention. It signed a supply deal with British Gas for its planned £100m, 165MW gas-fired station at Sellafield in Cumbria.

British Gas yesterday angrily dismissed Ofgas's criticisms, saying that it would be unable to continue supplying all its traditional customers if it met the demands of the new power station market in full.

Package holiday bookings surge as Gulf fighting ends

By David Churchill, Leisure Industries Correspondent

A SHARP SURGE in package holiday bookings has begun following the Gulf war ceasefire and the cut in interest rates earlier this week.

Travel agents throughout the UK yesterday reported the strongest activity this year and expect to be even busier.

The surge comes after a fall in demand this year of about 60 per cent on normal levels.

"There's a lot of pent-up demand from consumers just waiting to book," said Mr Peter Rothwell, marketing director of Lunn Poly, the largest UK travel agency chain. "Our 500 shops experienced exceptional demand for a weekday."

Thomson Holidays, Britain's biggest tour operator, said it had sold more holidays on Thursday – the day after President George Bush announced the end of offensive operations – than during the entire war.

The Association of British Travel Agents added: "We expect a big surge in bookings now: the peace has come at just the right time."

ABTA yesterday released a survey, carried out last weekend, showing that even before the war ended there were signs of an increase in consumer confidence in holidays. The survey, of almost 1,000 adults, found that 62 per cent said they planned to book a package tour this year, compared with 56 per cent who were willing to book a month ago.

Gulf reports ....Pages 2 and 3

Yet many in the travel trade are aware that yesterday's euphoria may only give a short-term boost to bookings.

Tour operators have to decide over the next few weeks what the level of demand will actually be this summer and then confirm bookings with charter airlines and continental hotels. Many in the travel trade expect the market to be down by about 20 per cent over last year's level and have planned accordingly.

Thomson has cut its capacity for May by 20 per cent, but says that it will take a view on the rest of the summer closer to departure times than usual.

The key question is how far the war rather than recession was responsible for the slump in holiday bookings. Most travel companies believe the war was only a delaying factor and that the real problem has been the recession.

Further interest rate cuts, therefore, are crucial.

US hopes

Continued from Page 1

home of US troops in the Gulf, Mr Cheney said it might take several months for the pullout to be complete.

Mr Bush said there was still an unfinished agenda in the conflict which included not just the prisoners of war but the continued presence of President Saddam Hussein as Iraq's leader. He stressed the US was not targetting Mr Saddam, nor did it have any claim on Iraqi territory. However, he stressed that nobody could be absolved from responsibilities under international law.

Mr Bush, whose popularity with the US people is at record levels, talked of the war being a proud day for America. "We've kicked the Vietnam syndrome once and for all," he said.

Anarchy

Continued from Page 1

between the vehicles, some covered with the cheap blankets they took with them.

Judging by the scene, with vehicles pointing in all directions, it is hard to believe they were offering any resistance when they were hit.

One T-54 tank was balanced with a track stuck on the concrete divider in the middle of the road as it tried to get away.

An Egyptian who had been taken prisoner with two others by the Iraqis said that his captors had fled in panic during the air attack leaving them to fend for themselves.

This was the road that the Iraqis rolled down in August to invade Kuwait.

The large Kuwaiti border station of Abdaly has been flattened although it is not known if this was by allied bombing or by the Iraqis before they pulled out.

Yesterday American and British bulldozers were beginning the massive task of clearing the wreckage. The bodies were beginning to smell. The victorious soldiers were moving among the carnage looking for souvenirs.

● All Kuwait's 950 producing oil wells have been set ablaze or otherwise damaged by Iraqi sabotage or allied bombing, according to initial surveys by the Kuwait Oil Company, Reuter reports from Kuwait City.

"Our provisional assessment is that they have damaged every producing well," Mr Musab al-Yaseen, a KOC executive, said in an interview. "Our feeling from checks our personnel have done so far is that all the wells have been exploded."

US recession may be easing

By Peter Riddell, US Editor, in Washington

THE US economic downturn is likely to continue for some months but there are indications that the rate of decline is slowing.

A batch of economic indicators released yesterday, which confirm the recession, include:

● Construction spending, which dropped 2.6 per cent in January to a total annual rate of $396.6bn, the lowest level since December 1986. All categories showed declines.

● The Commerce Department's index of leading indicators, intended to point to changes in economic direction six to nine months ahead, fell 0.4 per cent in January, its sixth straight decline, for the longest run of falls since 1984.

Six of the 11 indicators in the index were negative in January, including average work week; building permits; the rate of deliveries; money supply; changes in prices of sensitive materials; and stock prices.

● The monthly business index prepared by the National Association of Purchasing Management rose slightly last month, for the first time since May.

The purchasing managers' index was 38.5 per cent in February, up from 37.7 per cent in the previous month. A reading below 50 per cent indicates that the manufacturing economy is declining. It has now been below that level for nine consecutive months.

Mr Robert Bretz of Pitney Bowes, chairman of the association's business survey committee, said that "although the economy is still in decline, there are encouraging signs that we may have reached the bottom of the declining trend".

He noted that the new orders index rose slightly; the supplier deliveries component was stable; and stock inventory levels were relatively low.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)				**PARIS (FFrs)**			
Rises				**Rises**			
Herlitz	399	+	17.5	Beghin-Say	778	+	28
Linotype	553	+	29	Ciments Fr	1225	+	56
Falls				Locafrance	510	+	20
Bilfing Berg	820	–	17	**Falls**			
Goldschmidt	680	–	15	Nouv.Galeries	817	–	22
Karstadt	525.5	–	28.5	Schneider	711	–	21
Veba	325	–	10	Total	655	–	14
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
LTV	2⅝	+	¼	Daiichi Jitsu	982	+	81
Wells Fargo	72⅝	+	2⅜	Kawasaki El.	1470	+	160
Westinghouse	27⅜	+	1	Nihon Nohyaku	1060	+	105
Falls				Nippon Pipe	1150	+	90
Inland Steel	23¼	–	⅛	Shibaura Eng.	1020	+	100
Laserscope	17¾	–	2¾	**Falls**			
Surgical Laser	15¼	–	½	Nippon Felt	1770	–	180
New York prices at 12.30.							
LONDON (Pence)							
Rises				Pittencrieff	100	+	11
Baltic	113	+	10	Sanderson M.E.	255	+	20
Barclays	429	+	12	Shandwick	86	+	21
Bluebird Toys	45	+	14	Telfos	112	+	18
Carlton Comms.	434	+	13	Thornton (GW)	114	+	10
Castle Comms.	228	+	33	Volex	244	+	14
City Site Est	130	+	19	WPP	87	+	21
Global	25	+	4	**Falls**			
Goodwin	35	+	14	Cussins Prop.	88	–	7
Kewill Systs.	220	+	15	Ford Sellar	30	–	9
"LOFS"	58	+	7	Hammerson A	670	–	15

WORLDWIDE WEATHER

UK today: east England and Scotland will turn cloudy with rain after a bright, frosty morning. Wales, Northern Ireland, west England and Scotland will be cloudy with rain and snow on hills, but Wales, N Ireland and the south-west will later turn brighter with showers.
Outlook: sun and showers, then rain on Monday.

		°C	°F
Ajaccio	R	13	55
Algiers	C	15	59
Amsterdam	S	5	41
Athens	S	16	61
Bahrain		–	–
Barcelona	R	11	52
Belfast	S	6	43
Belgrade	F	7	45
Berlin	S	5	41
Biarritz	R	11	52
Birmingham	S	7	45
Blackpool	C	5	41
Bombay	S	27	81
Bordeaux	C	12	54
Boulogne	F	9	48
Bristol	S	7	45
Brussels	Fg	4	39
Buenos Aires		–	–
Budapest	C	3	37
Cairo	F	21	70
Cape Town	S	22	72
Cardiff	S	9	48
Chicago †	C	9	48
Cologne	F	7	45
Copenhagen	C	2	36
Corfu	C	12	54
Dallas †	S	15	59
Dublin	S	5	41
Dubrovnik	F	12	54
Edinburgh	C	5	41
Faro		–	–
Florence	F	16	61
Frankfurt	S	6	43
Geneva	C	9	48
Gibraltar	C	15	59
Glasgow	F	6	43
Guernsey	C	7	45
Helsinki	F	-2	28
Hong Kong	C	23	73
Innsbruck	S	14	57
Inverness	R	4	39
Isle of Man	C	6	43
Istanbul	F	8	46
Jersey	S	9	48
Johannesburg	S	29	84
Las Palmas	C	21	70
Leeds	S	6	43
Lisbon		–	–
Locarno	C	7	45
London	F	8	46
Los Angeles		–	–
Luxembourg	C	4	39
Madeira		–	–
Madrid	F	10	50
Majorca	R	13	55
Malaga	C	15	59
Malta	S	16	61
Manchester	F	7	45
Melbourne	C	17	63
Mexico City		–	–
Miami †	F	22	72
Milan	C	7	45
Montreal †	C	-2	28
Moscow	S	-5	23
Munich	C	1	34
Nairobi	F	30	86
Naples	C	14	57
Nassau		–	–
Newcastle	F	4	39
New Delhi	S	22	72
New York †	S	2	36
Nice	C	14	57
Nicosia	C	15	59
Oporto		–	–
Oslo	Sn	-1	30
Paris	R	6	43
Peking	S	8	46
Perth	S	37	99
Prague	C	2	36
Reykjavik	F	-3	27
Rhodes	F	14	57
Rio d'Janeiro		–	–
Rome	R	13	55
Salzburg	S	6	43
S'Francisco †	F	11	52
Santiago		–	–
Seoul	S	4	39
Singapore	F	30	86
Stockholm	C	0	32
Strasbourg	S	6	43
Sydney	R	22	72
Tangier	C	15	59
Tel Aviv	S	17	63
Tenerife	F	21	70
Tokyo	R	5	41
Toronto †	C	1	34
Tunis	R	17	63
Valencia	F	16	61
Venice	C	10	50
Vienna	C	2	36
Warsaw	C	2	36
Washington †	S	4	39
Wellington	R	15	59
Zurich	C	3	37

Temperatures at midday yesterday † Noon GMT temperatures C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

THE LEX COLUMN

Prosperous living at the Abbey

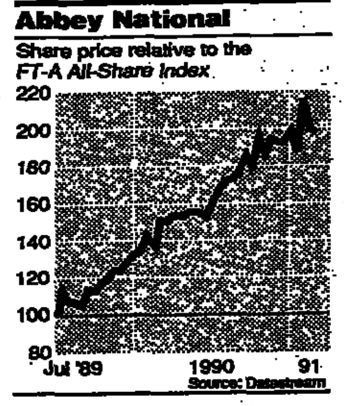
On the basis of yesterday's figures, the best thing for Abbey National's management might be to sit back and let its reputation grow. While the clearing banks have been busy covering up lending mistakes, Abbey has been plugging away at mortgage and personal finance, convincingly building market share and profits. Its near-12 per cent dividend increase carried a conviction sadly lacking from the recent announcements by Lloyds and Barclays. Above all, the cost in provisions has been minimal.

True, Abbey's cost-income ratio is still that of a building society rather than a traditional clearing bank. By any standards, though, it runs a mean outfit. It has demonstrated a flexibility which must be the envy of Lombard Street. It actually managed to increase profits by 8 per cent in the second half over the first, mainly by squeezing hard on operating expenses. Nevertheless, staff numbers rose over the year. The 20 per cent year-on-year growth in average interest earning assets is probably unrepeatable, but the £106m of income from insurance suggests at least one business area with plenty of room for growth. Even the continued losses from estate agency have not shaken the strategic case for that business.

Shareholders have had a fine run since flotation in July 1989. At 257p, the shares are just off their high, having outperformed the market over the period by nearly 200 per cent. On forecast earnings of £635m this year, the p/e of just over 8 still looks undemanding.

FT-SE Index: 2,386.9 (+6.0)

Abbey National
Share price relative to the *FT-A All-Share Index*



Source: Datastream

Gulf reconstruction

The distaste for ambulance chasing in Kuwait forcibly expressed by one London stockbroker yesterday does not appear to be widely shared. Among UK building companies, John Laing and Costain have jumped 13 per cent and 7 per cent respectively over the last two days. Even Higgs and Hill had some life left yesterday after Thursday's jubilant 43p advance. The UK construction sector has risen 22 per cent since early February, a full 10 per cent better than the market as a whole.

Obviously, lower interest rates and hopes that the UK housebuilding cycle has bottomed are partly responsible. But there is reason to suspect that the sector re-rating is running ahead of itself. It requires an act of faith, for example, to believe that UK construction companies will end up with the much-mooted figure of 22 per cent of Kuwait's final bill for reconstruction, which is wildly estimated at between £30bn and £50bn. Even then, margins will be nothing like what they were in the last two construction booms in the Middle East. Kuwait and other countries in the region have learnt a thing or two since. Three per cent margins, against 10 per cent-plus in the mid 1970s, are probably all that can be expected this time.

Total profits for UK companies could be of the order of £55m a year beginning in 1993. With at least 10 players sharing the spoils, that is hardly a bonanza. After all, AMEC is likely to have made £75m last year and even a bombed-out Wimpey has made £100m in the past. This year and next will be tough in the UK. The market is looking a long way ahead to justify multiples in the high teens.

Markets

Since its low point five months ago, the London equity market has risen 20 per cent. This brings it back from the bottom to the top of a trading range in which it has fluctuated monotonously over the past two years. The obvious question is whether this is finally the break-out into a sustained bull market.

There are one or two positive signs. The ratio between gilt and equity yields, which in late January hit bottom at 1.78, this week went back up through its traditional floor of 2.0.

The yield on equities, which then stood at 5.7 per cent, has just gone back below 5 per cent. Perhaps most significant of all, small company shares, which have taken a terrible battering in the past two years, have in the past month shown the first signs of outperformance.

With the Gulf war out of the way, there seems no reason to doubt that this latest rise is sustainable. The limiting factor from here is the scope for economic recovery. James Capel points out that in 1981, real industrial earnings in the UK fell by 28 per cent, followed by a real recovery of 14 per cent in 1982. In 1991, the real decline will perhaps be of the order of 3 per cent.

The same kind of recovery next year seems out of the question. In the year from October 1981, UK base rates fell from 16 per cent to 9 per cent, with a corresponding collapse in sterling. It may be doubted whether ERM membership allows the same fall in base rates. It certainly does not allow the same fall in sterling.

There is, of course, a push the other way in the form of falling returns on money. The scope for interest rate cuts after the next one or two is anyone's guess. If, at the optimistic extreme, base rates fall as far as 10 per cent by the end of the year, the return on cash from here is just under 10 per cent. With equity yields at 5 per cent and dividends scarcely rising, the implied year-end level on the FT-SE to match the total return on cash would then be 2,500. It is scarcely the recipe for a buying panic. But it does suggest that the latest rise in the market is based on calculation as much as sentiment.

British Gas

The sight of British Gas upsetting its regulator must be becoming faintly unsettling for its shareholders, especially when it is not at all clear why it is bothering to risk a referral to the Office of Fair Trading or even the Monopolies and Mergers Commission on an issue currently of minute financial significance. Its hasty 35 per cent price rise on supplies to power stations not yet built was supposedly designed to shut off this demand until 1995 when gas supplies will be larger.

The effect will be to stall the entry of an important class of independent generators into the nascent electricity supply industry. The inescapable conclusion is that Gas rather fancies this market for itself and is crudely trying to see off the competition. Ofgas is quite right to be angry. British Gas still appears not to appreciate that if it wants to diversify, it must be seen to act fairly as well.

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Fidelity Investments

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Weekend FT

SECTION II | Weekend March 2/March 3 1991

A liberated press struggles to be free

But is it true? The press in eastern Europe is trying to learn new habits

KAROL KALLAY/BILDERBERG/NETWORK

*As western media barons roam across eastern Europe, **Ian Hargreaves** visits Prague and meets journalists worried about press ownership and accountability*

IN PRAGUE'S Wenceslas Square, scene of martyrdom and revolution, you can these days buy, at a price, pretty well any newspaper or magazine you want: foreign publications and soft pornography from the boulevard entrepreneurs – dollars welcome – Czech papers from the state-owned kiosks.

This is just one sign of the changes sweeping through the media of the front-line states in post-Communist eastern Europe. Although in most of these economies, privatisation has been disappointingly slow and foreign investment cautious, in the press both have been dramatic. Poland alone has 118 newspapers on the auction block and the west's press barons are prominent among the bidders.

In Hungary, Rupert Murdoch owns half of both *Mai Nap*, an evening tabloid, and *Reform*, a frowsy and therefore hugely successful weekly. In the same country, the Czech-born, Hungarian-speaking, British-domiciled Robert Maxwell has control of *Magyar Hirlap* and *Esti Hirlap*, two leading dailies.

From Germany, Bertelsmann and the Axel Springer group, and from France, Jean-Louis Servan-Schreiber's *Expansion* group and Robert Hersant's conservative *Le Figaro* group have also made bold moves. The former west German press has also more or less devoured the east's joint ventures, as they are politely called – although here too Maxwell made a splash by joining with Gruner and Jahr to buy the former Communist Party's Berliner Verlag publishing house.

There have even been signs, flickering a little more darkly recently, that some countries – notably Hungary, perhaps Poland – are also prepared to countenance serious foreign investment in their television industries; a radical thought, even in the west. Murdoch had to change his citizenship to own an American TV network.

But this ferment of activity is feeding a deepening debate in the centre of Europe about what constitutes a free or an "independent" press. Does the fact that newspaper titles have been pitched from direct Communist Party control to ownership by other state organisations or by other interest groups, such as the church or trade unions, make them in any real sense "independent"? Does this matter, so long as there is enough variety of partisan owners? Are the organs of revolutionary groups such as Solidarity in Poland and Civic Forum in Czechoslovakia doomed to the same kind of craven dependence upon their governments as was, say, *Rude Pravo* in the bad old days? What laws should govern the media? What is the legitimate role of the public sector, if any?

Undoubtedly the west believes it has a large stake in these questions and not just because it is home to the media barons. The seepage of foreign radio and television into east Europe and the loosening of domestic media which followed glasnost played a big part in toppling the Communists. The further development of a "free" press and broadcasting system is judged in the west to be indispensable to the consolidation of democracy.

Already, numerous American and some European foundations are busy thinking of ways to help. Their activity, though, raises a question asked less often: does the west know what *it* means by a free press? And anyway, how much can new democracies learn from older ones, most of which have persecuted journalists at some time.

Daniel Defoe, the "father of English journalism", was pilloried and jailed in the early 18th century before, eventually, toeing the line. "I agreed," he said, "to give the Court no trouble, but to plead guilty to the indictment, even to all the adverbs; the seditiously's, the maliciously's and a long rhapsody of the lawyers and et ceteras."

A survey of east Europe's press by the World Press Freedom Committee, a Washington-based organisation which earlier fought to overturn the infamous Unesco-inspired "world information order" project, indentifies a range of threats to the survival of free media in the eastern part of central Europe, "both external political and economic ones and the more subtle one of intellectually corrupted mentalities."

Economic problems include monopoly control of distribution and printing, the price and availability of newsprint and lack of basic understanding of how to sell advertising, run budgets and adapt to modern technology. The intellectual difficulties, the report suggests, are rooted in a continued preference for polemical, rather than information-based journalism.

It also detects an ambiguous relationship between government officials and the press, caused in some cases by the fact that journalists from revolutionary groups such as Solidarity and Czechoslovakia's Civic Forum are running their countries, but mostly for an older reason, namely that "the nomenklatura is still largely in power in and around the press." The committee suggests that the west might help with twinned newspapers, new journalism schools, free equipment, free western newspaper subscriptions and wire services and a mobile library.

Last week at Stirin Castle near Prague I joined a group of Europeans and Americans to discuss these issues and to see whether yet another American organisation, the New York-based Institute for East West Security Studies, could make a contribution too.

The conference was low key and informative, though I felt perversely encouraged by the fact that most of the Czech journalists listed to attend did not turn up. That weekend, President Havel's revolutionary Civic Forum was officially due to tear itself apart amid torrid accusations of personal ambition and reversion to authoritarian ways.

The views of the Hungarian, Czech and Polish journalists were as varied and patchily informed as those of their counterparts in the west about their own systems of press ownership. The Hungarians are aggrieved that Maxwell has cut staff, they say in breach of promises given, but they also point out that he has invested in presses.

Some think the growth of soft porn journalism a feature of capitalism to be deplored; others see it as harmless or vigorously irreverent. They also point out that almost all Hungary's quality papers are anti-government in political tone.

The claims of the new owners that they are only in it for the money are treated sceptically, but there is also an urgent desire to learn business skills.

"Foreign capital comes with technology and management expertise," says Dr Jacek Poprezeczko, deputy editor of the co-operative-owned Polish weekly *Polityka*. "Also foreign capital has time and can wait for profits."

There is, however, considerable interest in ownership structures which seek to limit the editorial power of the new investors. *Tygodnik Gdanski*, based in the home of the Lenin Shipyard, has sold 51 per cent of its equity to Hersant, but major editorial decisions require a 66 per cent vote. The Poles are also interested in mechanisms used in Scandinavia and the Low Countries to subsidise smaller circulation, more specialised newspapers and journals.

Journalists from *Hospodarske Noviny*, a Prague economic daily, say "so far, so good" with *Expansion's* 45 per cent stake in their business, but since 55 per cent is still owned by three state banks and the government information agency, readers might not expect radical departures.

Conversations at the interface between western goodwill and eastern editorial practice, however, have not always been so even-tempered. Last year, Ben Bradlee, executive editor of the *Washington Post*, clashed with Michael Zantovsky, the former Reuter journalist who is President Havel's press spokesman.

Zantovsky, an impish intriguer who sits in an ornate circular office in Prague Castle, breezily told Bradlee and fellow visiting luminaries that he would be prepared to sue journalists who got damaging facts about the government wrong and that anyone who published a controversial list of former Czech police informers might deserve to go to jail. Press freedom, he argued, had to be adjusted for responsibility, especially where misreporting could lead to civil disturbance.

In a subsequent article, Bradlee cited Jefferson and thundered: "The last US attorney general to sue journalists, in the Pentagon papers case, himself ended up in jail."

No Czech journalists were either sued or jailed, but today, Zantovsky says he regrets the provocative way he put his points, though he thinks the visitors were "a little too self-assured" in their counterblast. "With these ground rules for covering the Gulf war, they're not so cocky now," he says, CNN playing silently in the background.

Zantovsky says the Czech press is now "more mature" than it was a year ago, but there's still a sting in the tail. "They can write what they want, but their confidence also allows them to be less aggressive than they needed to be because they see the benefits of balance and serious criticism." When he says this, Zantovsky is doing no more than reflect the tone of his former dissident writer boss, who in a recent interview with Czech radio berated "uncivilised" journalists for writing about the split in Civic Forum only days before Havel helped from behind the scenes to stage manage the split in the forum's congress. Havel said that without self-restraint, the country still risked total economic and political collapse.

However much this offends the American ear, it is partly explained by the fact that all of Europe's press traditions have a different tone from those across the Atlantic. For Warsaw, Prague and Budapest, the most influential quality press tradition is that represented in Germany by *Die Zeit* or in Paris by *Le Monde*; stronger on essay-writing and comment tradition than in aggressive news reporting. Further south, Italy offers a model of largely partisan and party politically based media.

It seems unlikely that Europe's new democracies will go for an American approach to press freedom – enshrined in the constitution, underpinned by Act of Congress and impregnated into cans of Coke sold in American journalism schools. They are more likely to find themselves peering through a murkier mist to ask why one western capitalist, with his shares quoted on the stock exchange, has a good record of non-interference with journalistic integrity, when another does not.

In Prague, it is not altogether easy to explain, for example, why the Pearson group, owner of this newspaper, appears to have the knack. When you explain the history of the aristocratic ownership of the company, the structure of its shareholdings and the range of its non-publishing interests, earnest faces ask whether to produce a great business newspaper you need also to own a zoo and a waxworks. What you need, ideally, is to find circumstances in which editorial integrity is a commercial virtue.

This, in fact, goes to the heart of east Europe's understanding gap. At this stage, the free market is still better understood as a political slogan than as a day to day practical reality, with costs as well as benefits. The expression of consumer preferences, with its consequences in price movements, business failures and job losses, is still something which causes fear rather than a sense of confidence that here is a working engine of a democratic society. It is certainly also true that in a healthy free press market, you also need fierce regulation against excessive concentration of ownership and a legal framework – ideally entirely of civil law – which deals with issues like defamation.

But what private sector newspapers and broadcasters need before all these things is profitability, still an elusive thing in the east, as the western press barons are finding. Without adequate profits, cunningly structured editorial boards are not much use, as great newspapers such as *Le Monde* and *The Times* know only too well.

But the west should not fret too much about journalism in the east. At the Lucerna Palace last Saturday, Civic Forum's unruly delegates gathered and the two main factional protagonists delivered to camera a well-rehearsed handshake. Zantovsky was there in the wings, looking pleased with himself, and there was much anxiety expressed about re-emergent authoritarian ways. That anxiety is everyone's best guarantee that things will continue to work out.

After all, it was a great American journalist who said: "We write frankly and freely, but then we 'modify' before we print." Which American journalist? Mark Twain.

Why investors feast amid the famine

The Long View

BARRY RILEY

Once again we are treated to the distasteful spectacle of stock markets booming while the economy languishes. The cycles of the market and industry are out of sync

LAID-OFF CAR workers, idled travel agents and under-budget newspaper advertising executives may not be able to understand it, but the stock market has got the bit between its teeth again. At least the stockbrokers are starting to make some money, even if the estate agents still struggle.

The insensitive spectacle of share prices booming while the economy slumps has many precedents, but not recent ones, because we have not had a significant recession for ten years. I well remember, however, the newspaper headlines in the spring of 1972 when unemployment was approaching the then shocking level of 1m but the stock market was shooting to new all-time peaks. Again, in 1982 the stock market began to surge while the economy was apparently locked in deep recession.

It can happen the other way around. In the latter part of 1988 industrialists complained bitterly that their share prices were falling in spite of the fact that output, orders, profits and dividend growth had never been better. Relations between companies and their institutional shareholders dropped to a new low point.

Two or three years further on it is the finance directors who are gloomy. Their results for the imminent reporting season will be as dreary – even cataclysmic – as in 1988 they were buoyant. Yet investors are suddenly eager. If those finance directors were quicker on the uptake they would be able to raise a lot of cash by floating rights issues.

The end of the Gulf War has, of course, something to do with it. As a consequence of the invasion of Kuwait last August share prices worldwide dropped by almost a fifth in two months, as the financial markets speculated wildly about oil at $70 a barrel and a consequent global slump. During the six-week war, with ever-increasing evidence of an overwhelming Allied victory, the world index has climbed by some 18 per cent.

But there is much more to it than that. In particular, short-term interest rates have been falling almost everywhere except in Germany. Stock markets in the US, Japan and now the UK have responded enthusiastically to the cyclical downturn in the cost of money.

Cycles in financial markets follow a well-established pattern. In a bear market, bonds touch the bottom first. In the UK, for instance, gilt-edged yields peaked out last April (that is, prices reached a low point). From around 12 per cent yields on long-dated government bonds fell consistently, especially after ERM entry in October. Today the UK long government bond yield is just over 10 per cent.

Next, the equity market turns upwards too, after a time lag which is highly variable but is usually between three months and a year. The FT-SE 100 Index, for instance, hit a low at the end of September, five months after the gilt-edged market. Other asset markets may take much longer to catch a whiff of enthusiasm. The commercial property market, for example, appears still to have been weakening in recent months. Fringe markets such as fine art are the real tail-end Charlies.

Naturally, the patterns are not always so clear-cut as this. US Treasury bond yields, for instance, followed an erratic downwards path for several years and did not provide very much of a lead indication before the turn of the US equity market in mid-October. And the vigour of the rallies can vary tremendously. In 1975 UK share prices doubled within a few weeks, because they had previously tumbled so low in the face of a vicious financial squeeze. In contrast, last year's setback to the Footsie Index was distinctly modest, and indeed this particular index moved to within 4 per cent of its all-time peak in nominal terms this week (although still some 24 per cent short on an inflation-adjusted basis). So there must be doubts about the amplitude of this current cyclical upturn, although not about its validity.

But how can we explain it all to the baffled company executives? There are some purely financial answers: interest rates are coming down, so keeping money on deposit is no longer an easy option. In 1990 a pension fund manager could have earned 16 per cent by keeping his whole portfolio liquid, while his peers holding the normal spread of assets (mostly equities) suffered an average return of minus 10½ per cent. Nobody was entirely in cash, of course, but average pension fund liquidity touched 10 per cent at one state last year. Later in 1991, though, short-term sterling interest rates could well tumble into single figures. Fund managers are therefore being forced into longer-term assets, including bonds and shares.

Another way of looking at it is to say that the stock market is anticipating the benefits of the recession. It sounds cynical, but a lost job in these circumstances is a saved cost. Even the cosy clearing banks, which will shed many thousands of jobs this year, are facing shareholder pressure on this now. And it is now becoming possible to see past the bottom of this recession. Some of the scarier statistics on the corporate sector's financial problems, with a financial deficit of over £30bn indicated by the official statisticians, proportionately worse even than 1974, now seem to be misleading. And this week ICI turned in a profit, albeit reduced, and held its dividend, which is more than it did in the traumatic days of early 1981.

But while a recession may have a silver lining – even a golden lining – for investors there need to be growth phases in the cycle too. Last Monday, however, the January trade figures emphasised that even in mid-recession the UK has a serious supply side problem, exaggerated by an overvalued currency. So as the economic recovery develops it could quickly run into problems.

But then, students of the stock market cycle are never very enthusiastic about economic booms, anyway. There's nothing quite like a good recession to get share prices moving upwards. Yet those sacked advertising copywriters and redundant accountants will find it hard to appreciate the logic.

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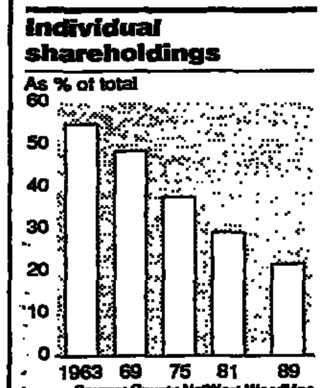
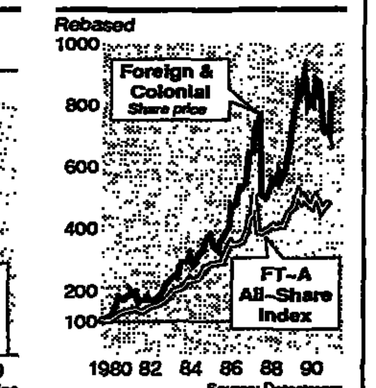
MARKETS

FINANCE & THE FAMILY: THIS WEEK





Individual shareholdings continue to decline

Whatever happened to wider share ownership? Despite all the privatisations and employee share schemes, the proportion of equities held by individual shareholders has continued its long term decline. The number of private shareholders may have risen to 11m (from 3m in 1979) but the size of their holdings is so small that the effect has been dwarfed by the growth in pension funds. And County NatWest's analysis shows that even in the privatised companies, which targeted small shareholders, the proportion of shares owned by the public is the same as in the rest of the market. *Philip Coggan*

Foreign & Colonial hopes for happier times

Foreign & Colonial Investment Trust had a bad year in 1990, with its net asset value per share falling by 24 per cent, *compared with a drop in the FT-A All-Share of 14 per cent.* Nevertheless, its long term record is excellent as the graph shows, with its shares comfortably outperforming the All-Share since 1980. More and more private investors are *recognising its strength and the number of the trust's* shareholders increased by 49 per cent, to more than 38,000, last year. *P C*

TESSAs tempt savers

Building society figures released this week suggest that most TESSA accounts are being opened by people who are already substantial savers. The Building Societies Association says that the average TESSA balance opened with its members in January was £2,650 – not far short of the £3,000 first year ceiling for TESSAs.

A total of £1.68bn of savings flowed into building society TESSAs from 636,527 savers. They helped push last month's building society savings total up to £934m from £408m in December. *At the same time building society lending was down slightly.* New loans agreed during the month totalled £2.51m, compared with £2.64m in December. *David Barchard*

Barclays' fraud losses mount

Barclays, the UK's largest credit card issuer, said this week that fraudsters had cost it £25m in losses last year, more than double the previous year's loss. This helped tilt Barclays credit operations – once a big money spinner – into an overall £4m loss for the year.

The trouble with credit card fraud is that it is very difficult to track down. Many cards get stolen when they are being mailed out to holders. But a lot of retailers are not strict enough in checking people's identities when they accept cards across the counter.

Barclays is now trying to organise a concerted industry crackdown and will be talking to the Royal Mail to find ways of tightening up on postal theft. There are other possibilities for action. Putting holders' photographs on the card may not be practical. Sir John Quinton, the bank's chairman, says: "People grow beards, or just grow old. It doesn't always work." Brian Pearse, the bank's finance director, believes the UK should have a Continental-style official identity card system. *David Lascelles*

New funds round-up

New product launches this week include the CMI Secure Future Plan from Clerical Medical International, which is an investment bond with a guaranteed return of capital. The bond will invest in futures markets. GT Management has also launched an offshore fund investing in Latin America and Britannia Life has launched a fund of funds using its unit trusts. *P C*

Helping hand on tax matters

The Inland Revenue has been working hard to help people understand the arcane tax laws. Booklet IR112 describes *how non-taxpayers can reclaim income tax if it is deducted* from their bank or building society account after April 5. Two old booklets have been revised – CGT13 explains the capital gains indexation allowance for quoted shares; IR63 *details the MIRAS (Mortgage Interest Relief At Source)* system. All are available free from your local tax office. The Revenue has also cut the rate of interest in relation to tax paid late and overpaid from 12.25 per cent to 11.5 per cent. *P C*

INSIDE . . .

BES 'guarantees' under fire

John Authers *reports on a popular but controversial method of offering Business Expansion Schemes. Plus a new Family & Finance service showing where investors can find the best interest rates for their hard-earned money.* **Page V**

A new twist for investment trusts

Scottish American Investment Company (Saints) surprised many this week by announcing that it is to pay 3 per cent commission on lump sum investments into the trust. **Philip Coggan** and **Eric Short** *look at the ramifications.* **Page VII**

LONDON

City catches an early dose of election fever

THE AIR of relief which swept the world's stock markets with the ending of the Gulf war had a particular savour in London that helped push the FT-SE to within 65 points of its all-time high . . . the smell of a possible early general election.

The speculation was encouraged by Wednesday's half percentage point cut in the bank base rate to 13 per cent, which allowed mortgage rates to fall. The futures market now predicts interest rates will drop to 11.5 per cent *by June* – just in time for a summer election.

It was not as if there was any shortage of bad news in *one of the busiest weeks of the* current corporate results season. National Westminster Bank kicked off a grim week *for the financial sector by failing* to increase its second-half dividend. Although the group's pre-tax profits of £504m were in *line with expectations*, NatWest more than doubled provisions against UK bad debts to £695m.

Most chilling for City dealers was the warning that County Natwest, the group's investment banking arm, had been given two years at most to prove it can make money out of share-dealing and broking. County has been struggling ever since Big Bang, the 1986 deregulation of the City, and last year lost £49m.

Barclays, Britain's largest clearing bank, continued the gloom *by* reporting that *the* recession had cost it bad debts of over £800m in the UK last year. However, the market had *been well warned about what* Barclays described as "disappointing" pre-tax profits of £760m and the shares rose as *investors focused on Barclays'* plans to shrink its UK staffing levels by at least 15 per cent over the next five years.

*Nothing good had been fore*seen from the big composite insurers, and their results duly lived down to expectations. Commercial Union, General Accident, Eagle Star and Royal Insurance all reported heavy underwriting losses. Stormy winters, subsidence caused by hot summers and an increase in motor claims, fires and thefts were cited. However, all four groups said they would force through increases in rates for commercial insurance business, even if it costs them market share.

Even good figures were tempered with caution. Vickers, the engineering group which makes Rolls-Royce motor cars *and Challenger tanks*, increased its pre-tax profits by 15.4 per cent but warned that trading profits for 1991 might *be lower than last* year.

Trying to sell Rolls-Royces in the UK and US is obviously not easy when both economies are *still gripped by recession.* The uncertainty of Vickers' outlook is increased by the delay of the British government in deciding whether it will buy Challenger *2 to* replace the Chieftain battle tank.

British Aerospace, the military and civilian aircraft group which *also makes weapons* and owns Rover cars, increased pre-tax profits by 13 per cent and said it was confident about *the company's* longer-term growth prospects. However, BAe warned it would continue cutting costs by shedding jobs and rationalising production.

Taking steps to deal with recession was also the main theme of the most apprehen*sively awaited results* of the year so far – from Imperial Chemical Industries, one the UK's largest manufacturers. ICI spooked the City 10 years ago when *it* responded to recession by unexpectedly cutting its dividend.

The chemicals giant was careful not to make the same mistake again and its shares rose after the dividend was maintained in spite of a 36 per cent fall in pre-tax profits to £977m. The one surprise ICI did spring was to make an extraordinary charge of £300m to cover divestments, closures and restructuring measures.

Glaxo, the drugs company, also cheered the market with a 6 per cent rise in interim pre-tax profits to £617m. Its shares jumped 6 per cent after the group said recently *launched* drugs had helped it to increase sales by 12 per cent.

It could be argued that the FT-SE's 72-point surge this *week is merely a long overdue* correction in the relative valne of equities. The chart shows the yield ratio, which divides *the redemption* yield on 25-year gilts by the dividend yield on the FT All-Share Index. At any time investors can choose between the initial higher yield, lesser credit risk but lower growth potential of a gilt, or the lower yield, higher risk but greater growth prospects of a share. When the ratio is low, investors are preferring the security of gilts – and when it is high, they have opted for the attractions of shares.

For most of the last 15 years, the ratio has fluctuated in a band between 2.0 and 2.5. The 15-year low of 1.78 was reached on January 22, so it may be that shares are advancing as companies see an end to recession.

Yet the strength of the London market stood out internationally this week – and domestic political reasons seemed more compelling than any signals from the avalanche of corporate results. Last year Tories were enthused by the prospect of the so-called "golden scenario" – *the* combination of falling inflation, interest and mortgage rates which has long been forecast *for this spring and summer.*

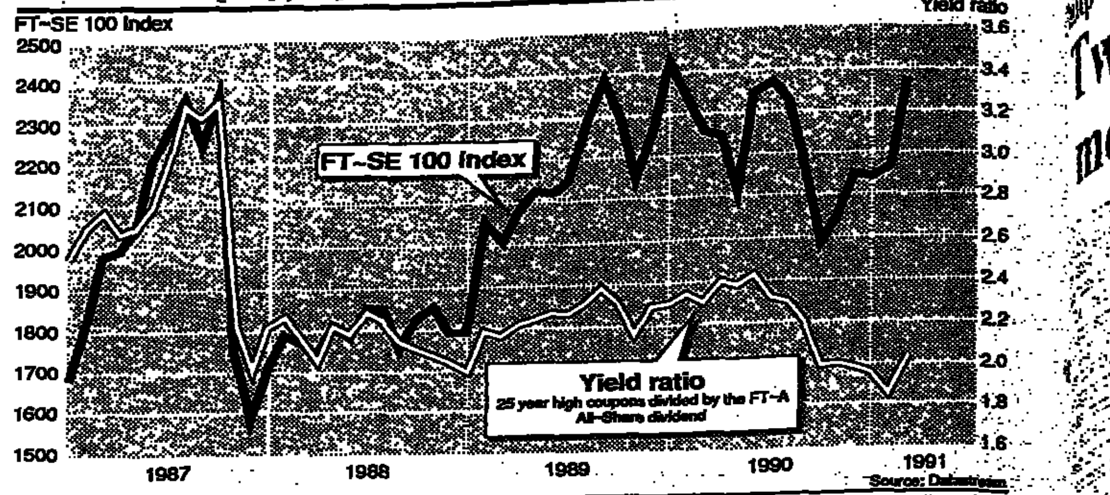
That conjunction seemed to have been clouded by the Gulf conflict and the unexpected depth of the UK recession. The sudden ending of the Gulf conflict has put such thoughts back at the forefront of politicians' minds. If there is one thing the City likes to bet on, it is the desire of a government to be re-elected.

Of course the Tories may not take the high risk of calling an early election. But most fund managers, who have stayed liquid, are determined not to be left sitting holding cash if the market has embarked on a pre-election rally. On Thursday share turnover reached 841.3m shares, only recently exceeded by the 1.09bn shares traded on October 8 after Britain's full entry into the European exchange rate mechanism.

Investors will no doubt continue to punish companies which surprise the market with bad news. But even if it has raced ahead recently, London continues to look like a market which is seeking reasons to advance – not to retreat.

As the "golden scenario" comes back into focus, the City will pay increasing attention to political factors such as the forthcoming Ribble by-election, the Budget and May's local government election results. Not for nothing was the dismal science of economics originally called political economy.

Andrew Bolger



HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1990/91 High	1990/91 Low	
FT-SE 100 Index	*2386.9*	*+72.6*	*2463.7*	*1990.2*	*Base rate cut, Gulf war ends*
BAA	419	+22	472½	326	Benefits from end of the Gulf war
Barclays	429	+44	429	290	Banks higher after results
Bioplan	16	+5	28	7	In bids talks
British Aerospace	618	+64	629	473	Reassuring results
Carlton Comms.	434	+41	810	298	TV franchise hopes.
Glaxo	972	+45	989	669	Good results
Granada	177	-9	357	133	Fears over future of BSkyB
Higgs & Hill	368	+63	466	262	Kuwait rebuilding contract
LASMO	372	+26	510	313	Rise in pre-tax profits
Laing (J) A	346	+56	347	208	Kuwait rebuilding contract
Lopex	67	+25	196	42	Warburg recommendation
Saatchi & Saatchi	19	+1½	275	15½	Bargain hunting on rights issue plans
Siebe	407	+29	539	245	Countering recent under valuation
Ultramar	351	+34	386	295	Strong refining prospects

WALL STREET

Dow ends its victory march

THE CRUSHING of Iraq's remaining military power brought no victory rally in the US equity market this week, since a clear-cut allied win has long been factored into prices – part of the remarkable surge which moved the Dow Jones Industrial Average up by over 400 points in the weeks following the outbreak of fighting.

With the spotlight turning firmly back to the domestic economic problems of the US, the market has spent the past few days going nowhere fast, trying to determine whether the next decisive move is going to be up or down.

The Dow certainly seems due for a correction. Price/earnings ratios and yield statistics suggest that the market is not cheap for an economy still stuck in recession, while last month's rush to buy stock, as the Federal Reserve slashed interest rates, was pretty indiscriminate in its early stages. The winnowing of wheat from chaff has some way yet to go.

But the larger question is whether the coming months will see further sustained rallies, as many analysts are now predicting, which will take the Dow decisively over the 3,000 barrier, with the recent surge in equities marking the start of a sustained bull run as the US pulls out of recession.

However, just as Wall Street was almost unanimously wrong-footed in predicting a dramatic fall in the Dow on the outbreak of war, so contrarianism would suggest that this rosy outlook is also likely to prove illusory.

Much depends on how rapidly and how strongly the domestic economy does turn around. There have been some tentative statistical signs this week that it may be bottoming out, with the National Association of Purchasing Management reporting yesterday that in February the rate of economic decline lessened for the first time since last July. The end of the war should also boost consumer confidence and a further round of Fed easing is possible over the next month or so.

But the excesses still being worked out of the financial system mean that any recovery will probably be slow and the economy could spend months bouncing along the bottom – a pattern that will hardly favour cyclical sectors, such as cars and steel.

Ford Motor, the second largest US car manufacturer, this week forecast a substantial first quarter loss and followed rivals General Motors and Chrysler in announcing a big cost cutting programme, including early retirement and lay-offs for white collar workers. Ford wants to cut $3bn from its cost structure by the end of the year and says it is already half-way there.

Wall Street expects the company to follow GM's lead and cut its dividend next month. But there is also a suspicion that Ford's cost reduction programme may not yet be as tough as its rivals' and stronger medicine may be needed.

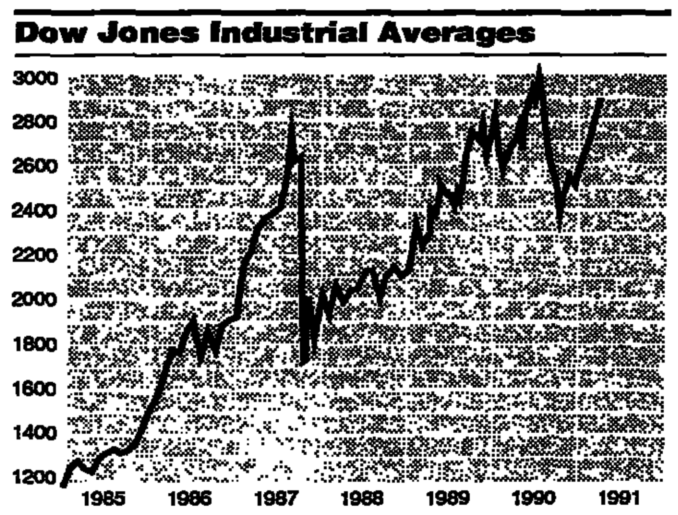
A big loss provision this week at Westinghouse Electric, the diversified technology group, shows that expunging the excesses of the late '80s from the financial system still has quite a way to go. Westinghouse, with interests ranging from broad casting to power generation equipment, became increasingly reliant in recent years on a bold push into financial services, with a heavy emphasis on property.

But the collapse of the property and junk bond markets and the mounting difficulties *of highly leveraged companies* means that it is now taking a $975m pre-tax charge and radically cutting its financial services operation. It also expects earnings to decline 10 to 15 per cent this year.

Westinghouse has a similar mix of businesses to General Electric, which expanded even more aggressively into financial services in the '80s and, a year ago, had to take $750m in junk bonds and other investments on to its own balance sheet from that of its securities subsidiary, Kidder Peabody. But GE appears to be in far better shape than Westinghouse and reiterated this week that its outlook for the year was "positive".

The same cannot be said of the property market. Citicorp, the largest US bank, warned this week that it expected another big increase this quarter in its portfolio of doubtful commercial loans, while domestic mortgage delinquencies are also rising sharply.

War may have restored America's national confidence, but consumer confidence still has an awfully long way to go.



Monday	2897.87	– 1.49
Tuesday	2864.60	– 23.27
Wednesday	2889.11	+ 24.51
Thursday	2882.18	– 6.93

Martin Dickson

SMALLER COMPANIES

The penalties of flotation

AS TOTTENHAM Hotspur tries to put together a rescue package that will reduce its £10m bank debt without forcing the sale of its football stars, fans must be wondering whether its stock market listing has played a part in its ills.

At the annual meeting this week, one of the shareholders described the crisis as "financial hooliganism", another came out with a more typical chant: "I'm not interested in money, but in Terry Venables (the club manager) and the team. There is no right offer for Paul Gascoigne."

Of the three football clubs that have gained stock exchange listings, only Millwall is still quoted and being traded. Its share price on the Unlisted Securities Market *stood* at 6p yesterday, compared with an offer price of 20p when it joined the market.

Tottenham's shares have been *suspended at 91p since* October pending its refinancing; while Edinburgh Hibernian, which only just survived *a hostile bid from its Heart of* Midlothian rival last summer, has retreated to matched-bargain trading since the demise *of the Third Market.*

Against this inauspicious background, Manchester United is planning an end-of-season *flotation* to help raise money for the £14m redevelopment of part of its Old Trafford ground. And Tottenham is also *expected* to look to the City to help bale it out, perhaps via a rights issue.

Paul Bobroff, still a Tottenham director though ousted as non-executive chairman, said the 1983 flotation had saved the club from a £5m *debt* problem and broadened the shareholder base. He said it was important that Tottenham resolved its present problems because "if *flotation is denied* to clubs, it will cut off a major source of capital."

In particular, he drew attention to the cost of implementing the Taylor Report, which says that Division I and II grounds must be all-seater by 1994 and the rest by 1999.

Tottenham claims to be ahead of the pack following the redevelopment of its west and east stands. However, the building of the first contributed to the club's early 1980s debt and the doubling of the cost of the second has played a role in the current difficulties.

A more contentious cause of debt – and trading losses – has been Tottenham's diversification into clothing. Losses from these activities had roughly halved a £2m operating profit on football. Millwall and Hibernian *have* also made unsuccessful forays into leisure activities, such as pubs.

Manchester United, on the other hand, says it will *stick* to what it knows. Yet this will leave it to grapple with the uneven pattern of profits that the others' diversification was supposed to counter.

United, in common with other big clubs, makes a profit before the buying of players but transfer fees frequently send it into the red.

In the year to July 31 1990, for example, a transfer deficit of £5.2m pushed the club into a pre-tax loss of £3.1m. However, the 1990-91 forecast accompanying flotation will probably look more favourable, as United's footballing success will boost television fees.

To try to reduce the impact of transfers on the profit and loss account, United is considering following Tottenham's *example of putting players on* the balance sheet, which entails writing down their value (to an estimated residual level) over the contract period.

But the biggest area of unease for fans is the fear that the cultivation of profit will *lead to the sale of star players.*

Glenn Cooper, head of corporate finance at Henry Ansbacher, United's merchant bank, argued that the conflict was not as great as people feared. "The fans are the consumers and they have to be kept satisfied." He even suggested that as investment in players was part of a successful footballing business, a rights issue could be mounted for important transfers.

He also stressed that United already had several features of a quoted company in that it had 2,200 shareholders and tried to abide by stock exchange rules.

Yet the move would bring some changes. Martin Edwards, chairman, chief executive and holder of 51 per cent *of the shares*, would have both his role and his stake reduced. The plan was to bring in Roland Smith, chairman of *British* Aerospace, as a non-executive chairman.

This is perhaps a sign that football clubs will in future adopting a more professional approach to management.

Another lesson from the Tottenham tale is that a much greater degree of openness is required from a quoted company. Among the most telling complaints at the annual meeting was that it had not properly broken down its results, so shareholders could not see what had gone wrong where.

But for all the increased demands, the cash-raising potential of the stock market presents an important opportunity for clubs to raise the large sums needed to bring their stadia up to Taylor standards.

Jane Fuller

Small cos indices		% chg on wk
CSCI	915.4	+4.5
HGSC*	1128.25	+4.1

As of Feb 28. * Capital gains version

Property sector is still in the doldrums

PROPERTY IS commonly believed to be one of the most interest rate sensitive sectors of the economy. So a cut in interest rates should trigger a rise in property shares . . . right? Wrong. After Wednesday's *half* per cent interest rate cut, property shares sagged while the rest of the stock market rose.

*In part, this merely demon*strates the stock market's ability to discount future events. Having decided that an interest rate cut was on the cards, the property share sector was disinclined to be euphoric about the actual news.

More important, however, is the stock market's nervousness about the current season of company results. The setback to property shares on Wednesday was largely a response to Smith New Court's decision to cut its net asset value forecast for Land Securities, the largest UK property company. The broker's new estimate of 710p is 20 per cent down on last year's result.

As the forthcoming results will show, the property industry is in a terrible state. The problems go back to the long period of expansion in the 80s when a large amount of new building was undertaken. In the City of London, which saw its biggest building programme ever, nearly a sixth of the property stands empty.

Even without a recession, this oversupply would have a dire effect on rents. Some city *rents have fallen* from their peak by more than 20 per cent with a possibility of worse to come. That, in turn, has clobbered *the investment market.* Who wants to buy property when there is limited prospect of rental growth?

Where the investment market has not dried up completely, potential purchasers are demanding unprecedentedly high yields (the ratio of income to capital value) before they will invest in property. Add to that the effect of the recession, which is aggravating *the problem of* mounting vacancies and lower rents, and it is no surprise that even the best companies' asset values are *showing significant falls.*

The problems for the less established companies, which lack solid investment income, are a lot worse. Some developers are being hit in all directions. They are having to pay sky-high interest charges, they are having difficulty filling their buildings even at a knock-down rent, and they are being forced to *sell* their buildings at a bargain price – if they can find a buyer.

Many developers are living *at the mercy of their banks.* This week's refinancing package of London & Metropolitan, a developer which has seen its properties halve in value, is merely the latest example.

However, even this tale of seemingly unmitagated gloom could turn out to have a silver lining for investors. The property sector of the stock market, which *has* an ability to *look* beyond the existing state of the property market, has been in the dumps for nearly two years. *Now that the direct* property market is in the doldrums, the stock market is looking ahead to its recovery, admittedly a year or two away.

Lower interest rates promise to speed that recovery. The benefits are lower interest charges and a fillip to tenant demand, particularly in the retail sector, which should respond first to any improvement in consumer spending power. The belief that retail property will be the first to recover is commonplace – and reinforced by the boldness of counter-cyclical investors such *as John Ritblat* of British Land, who last week sunk a further £135m into Sainsbury supermarkets.

For all that, it is important not to get carried away. The impact of lower interest rates may be much less than commonly thought, in the view of brokers BZW.

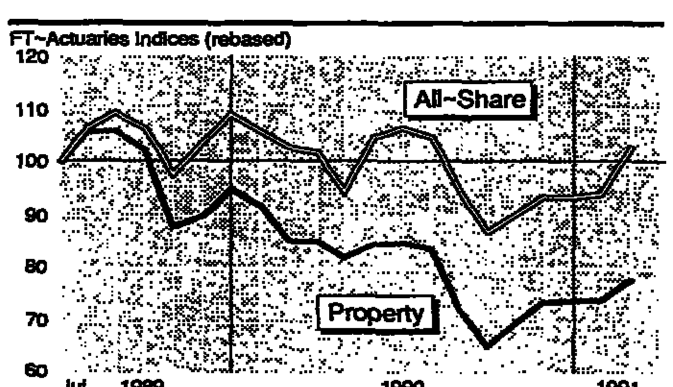
The firm argues that for highly geared small companies the marginal cost of borrowing is much less important than the inability to refinance and the lack of activity in the investment market, which has crippled cash flow.

These factors are unlikely to be changed by the lower cost of money. Regardless of the level of interest rates, banks will try to contract their lending to the sector, so there will be less money for investment. Moreover, the number of forced sellers is likely to increase, putting more property on the market.

The brokers also argue that historically, there is no consistent relationship between base rate changes and the relative performance of the sector. They is, they say, a relationship between property yields and gilt yields, but the latter are not likely to come down, in their view.

BZW concedes that lower interest charges will give an immediate lift to corporate earnings. However, the firm points out that *property companies* are measured by their asset values and so should not be seen as an immediate beneficiary from cuts in interest rates. Overall, the conclusion is that "the benefit of lower interest rates to property will be seen well after the impact on other sectors."

Vanessa Houlder



FINANCE & THE FAMILY

Philip Coggan and **John Authers** assess gains and losses for investors in the wake of UK base rate cuts and the end of the Gulf war

Two cheers for mortgage cuts

MOST homeowners will probably give two cheers for the latest 0.5 per cent cut in base rates to 13 per cent.

The reduction finally brought some relief on the mortgage front. Base rates have now fallen by a full percentage point over the last two weeks, prompting some building societies and banks to lower their rates.

But most borrowers will not see the full benefit. Rates are being cut by just 0.75 per cent – in most cases from 14.5 per cent to 13.75 per cent – and some societies are delaying a cut for existing borrowers until April.

One society, however – Norwich & Peterborough – has announced a full 1 per cent cut to 13.5 per cent. But although the rate will apply to new borrowers immediately, existing borrowers will have to wait till April 29.

Many smaller building societies and banks seem to be waiting for what they will hope to be a further interest rate cut at the time of the UK budget on March 19.

There is also the question of those borrowers who have their rates reset annually. Many face their annual resetting in April – and could find themselves locked in at a high rate for another 12 months. Some 1.2m Halifax borrowers have been told that their rate will be set at 14.5 per cent, although this may be adjusted if base rates fall substantially.

The table shows the reduction in monthly payments you should receive if your lender is one of those which is cutting rates by 0.75 per cent.

Major lenders which have announced changes (all figures in per cent) include: **Abbey National** which is reducing rates for existing borrowers from March 18: from 13.65 to 12.9 on a £100,000 plus mortgage; from 13.95 to 13.1 on a £60,000 to £100,000 loan; and from 14.65 to 13.85 on loans under £60,000. First time buyers can get an immediate discount of 1.25 on these rates.

Alliance & Leicester will make a cut of at least 0.75 to 13.75 but has not decided when.

Barclays Bank is cutting its rate by 0.75 for new borrowers as from March 1 and for existing borrowers from April 1. The former will pay 13.75 and the latter 14. First time buyers and those with new mortgages of over £75,000 will pay 12.75.

Cheltenham & Gloucester is cutting the rate for existing borrowers by 0.75 to 13.75 as from April 1. New borrowers will pay 12.75 as from March 5, for the first year, if their loan is no more than 80 per cent of the house value. Others will pay 13.75.

Halifax says that existing borrowers, not on the annual plan, will see a cut of at least 0.75 to 13.75 as from April 1.

Leeds is cutting the rate for new borrowers by 0.75 to 13.75. Existing borrowers will receive a cut of "at least" the same amount from April 1.

Lloyds Bank "expects" to reduce the rate by 0.75 – from 14.8 – for all customers as from April 1. **Midland Bank** is cutting rates from 14.7 to 13.95; for new borrowers on March 4, existing borrowers on April 1.

National Westminster Bank is cutting its rate from 14.5 to 13.75 for new borrowers as from March 5 and for existing borrowers as from April 1.

Nationwide Anglia is cutting rates from 14.5; by 1.6 to 12.9 for loans over £120,000; loans of £60,000 to £120,000 are cut by 1.1 to 13.4; and a 0.6 cut to 13.9 on loans below £60,000. Rates will not change until April 16 for existing borrowers.

Woolwich is reducing the rate to 13.75 from 14.5 for existing borrowers from April 1 and for new borrowers immediately. Those who take out an endowment or pension mortgage over £60,000 will pay 13 and first time buyers 12.5.

LIKELY MONTHLY SAVINGS

Loan size (£'000)	Savings (£)
Endowment	
20	9.36
40	20.30
60	32.80
80	45.30
100	57.80
Repayment	
20	8.05
40	18.19
60	29.64
80	41.08
100	52.52

Assuming fall from 14.5% to 13.75%
Source: Halifax BS

Lock in now for highest gains

INTEREST RATES are on their way down, but savers can still lock into them. You will need to act quickly, but beware of financial salesmen using falling base rates for a "Hurry while stocks last" ploy.

The trend is most clear in banks, where several big players have already cut rates for savers but left the rates on Tax-Exempt Special Saver Accounts (Tessas) untouched.

Building societies' rates, including Tessas, are likely to fall next week, probably by about 0.75 per cent.

NatWest and Lloyds have already cut deposit account rates, but left Tessas unchanged. NatWest, for example, left its Tessa at 14.75 per cent, while the deposit account rate fell from 4.55 per cent to 3.66 per cent (all rates quoted are gross). The highest rate on offer from NatWest is now 13.37 per cent (down from 13.92 per cent) for sums of more than £25,000, via the Crown Reserve Account.

Building societies' Tessa rates have tended to be higher, so far. Competition is keeping banks' rates high, butbuilding societies such as Nationwide Anglia, which is now offering Tessa interest rates 2 per cent above base rates, will have difficulty maintaining the rates.

A cut in building society rates is made more likely by the fact that most of them resisted a cut after the mid-February drop in base rates. They are now effectively faced with a 1 per cent cut.

Most are waiting for a lead from Halifax, the largest building society, which does not anticipate a move within the next week. Anticipated further cuts have made societies' calculations more awkward, but Tessa rate cuts will probably be as small as the societies can afford.

The trend is downwards for guaranteed income bonds, offered by life assurance offices. These are a very conservative investment – you cannot touch your money for up to five years but you receive a guaranteed sum at the end.

Colin Jackson, of Baronworth Investment Services, said the best rates were unchanged but other companies had cut their rates. Further cuts are likely before the budget.

At present the best rates for investments of £1,000 are 9.2 per cent over one year, offered by General Portfolio, 9.25 per cent over two years, from Canterbury Life, and 9 per cent over five, from Cornhill.

There are other, more complex ways to lock in.

- Gilts are a standard escape route when interest rates start to decline. Their interest rates (coupons) are fixed, but gilt prices tend to increase in response to base rate cuts. Index-linked gilts are particularly attractive for security.
- Some advisers prefer the yields on offer from international bonds. Hambros currently rates UK bonds sixth out of the eight major fixed interest markets, with the Netherlands, Germany and France in the first three places. Mercury, Barings, Newton and Fidelity have all launched unit trusts to invest in them this year, attracted in particular by the higher yields available on the Continent.

However, Peter Smith, of Hill Martin, baulks at the high charges being asked by trusts, usually of around 6 per cent of the value of the investment. He suggests buying bonds via European institutions. Alan Torevell of Torevell Mahon Granville says that managers are down-playing currency risks, even after the full entry of the UK into the European Monetary System.

- Zero dividend shares in investment trusts give high returns. They are one class of share in a split level investment trust and pay no dividends but ensure a certain amount of capital gain over a fixed period. They are not guaranteed, but they come close. James Higgins, of Chamberlain De Broe, backs them enthusiastically as they are taxed only for capital gains, making them a good bet for anyone whose gains are within the £5,000 CGT threshold.
- Fixed interest rate Tessas are beginning to look more attractive – you get the tax exemption and a guaranteed competitive rate of interest. Popular products come from the Allied Bank of Ireland and from Robert Fleming/Save & Prosper, which Smith particularly likes because it has the option of converting to flexible interest rates after a year.

John Authers

Peace is already in the price

PEACE IN the Middle East may be an occasion for general rejoicing but it is not necessarily a sign that share prices are set to rise substantially.

In part this is because of the White Queen syndrome, named after the Lewis Carroll character who screamed *before* she pricked her finger and then was barely affected by the event itself.

Just as the stock markets were depressed before the Gulf war – but rose when hostilities began – so they have been surging in anticipation of a Coalition victory. The FT-SE 100 has risen 300 points from its January lows. Peace has therefore been in the price for some time.

The UK market is only around 3 per cent off its all-time high which suggests that traders are pretty confident that the UK economy will recover quickly from the recession. But in spite of this week's base rates cut, there may be further shocks to come as companies are hit by the economic downturn and the still high cost of borrowing.

"We have seen a cash stampede", according to Bill Smith of Barclays de Zoete Wedd, "as institutions have realised that the return on cash is going to fall this year. The results season has so far been disappointing rather than disastrous and there has been an improvement in market mood."

But Smith cautions that this year "there will probably be rights issues and gilts issues to soak up institutional cash. The UK market has moved from being cheap to being on middle ground." Nils Taube of Bishopsgate, one of the most successful managers in the unit trust industry, says that peace is probably "more bullish for world economies than world markets."

Taube fears that if the American consumer starts buying again, then interest rates, which *have pushed the stock* markets forward, may not be able to fall much further. Bond markets have already slipped over the last few days, he points out. Taube thinks the UK market is probably due for a fall but believes there is some value in Swiss equities and that the US dollar has scope to rise.

The Japanese stock market was one of the big casualties of last year. The recent rally has been led by the *gaijin* – or foreign – investors buying stock. After the Nikkei's spectacular decline last year, many of the foreign institutions thought Japanese shares looked cheap and they were under pressure to increase their exposure to overseas markets.

The rally means that unit trusts investing in Japan are likely to show a strong performance for February. The Nikkei index has risen from its low of 20,221 last October (when some fund managers held a high proportion of cash) to around 26,000 in the last couple of weeks.

Ed Merner, Schroder's investment adviser based in Tokyo, says he is "relatively optimistic" about the stock market this year and expects it to rise further. Merner is adviser to Schroder's Tokyo fund, Japanese Smaller Companies fund and Japan fund which have consistently ranked among the top-performing Japanese unit trusts.

Marshall Auerbach, who manages GT's Japan & General fund and GT's Far East & General fund, says he adopted the policy "buy on war, sell on peace." He bought mainly blue chips for his funds: however, he warns that the market probably still has to discount the likelihood of lower corporate earnings this year and next (some analysts believe Japanese corporate earnings could fall by between 5-10 per cent in 1990/91 and 1991/92).

Auerbach believes the market could still lose a couple of thousand points due to lower corporate earnings, falling to 23,000-24,000 before rising again.

Foreign fund managers and brokers are more pessimistic about the market than the Japanese securities houses: Nikko, one of the big four brokers, thinks the index will rise to 31,000 by the end of June and to 33,000 by the end of the year.

But even among the optimists, no-one can imagine the Nikkei returning to its end-of-1989 high of 39,915 for a considerable length of time.

SUN LIFE BESRES VI SCHEME

3 INVESTMENT AREAS – 1 FUND

Sun Life BESRES VI offers a choice of three Investment Areas and a BES Fund. There are two application deadlines; 1 p.m. on 5 April 1991 for Besres Campus, Development and Phoenix; and 5 p.m. on 28 March 1991 for the Besres VI Fund.

All investments will go into BES Companies set-up and advised by Sun Life Investment Management Services Limited (SLIMS). These Besres Companies will invest in residential property for letting. The objectives of all the Companies will be to maximise returns over five years, based on capital gain and rental income.

- **FREEDOM TO CHOOSE**
  - **The Campus Companies** adopt a strategy of buying new residences on campus from Universities with an option to sell the residences back after 4 years at a premium of up to 40%. In addition deposit interest will be earned for the remainder of the five year BES period, together with accrual of net rental income. By adopting this approach the companies will profit from **assured growth** and with assets on deposit at the end of 5 years investors will benefit from **a prompt exit.**
  - **The Phoenix Companies** will invest in residential properties, seeking bulk discounts (from current market valuations) from embattled owners and the weak housing market cycle. The Companies also seek to maximise exposure to the housing market's recovery and to obtain 10% rental yields. Development profit will also be sought.
  - **The Development Company** will specialise by acquiring and redeveloping a site. BesRes Development Two plc aims to build luxury flats for Toyota employees in Derby, in order to benefit from development profit; above normal assured rental yields of 25% (from Toyota tenants) and expects to benefit from higher house prices in Derby resulting from the influx of new employees that the new car plant will create.
- **OR FREEDOM FROM CHOICE**

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- **THE ROLE OF SLIMS**

SLIMS promotes the Scheme and acts as adviser to all the Besres VI Companies. Its BES business functions are:

– to advise the Besres VI Companies on all aspects of their business and the achievement of exit routes, for those without guaranteed exits, in five years time; and to provide administrative services to the Companies.

– to package and offer the advisory and administrative services of the Sun Life Group to cut down costs to investors.

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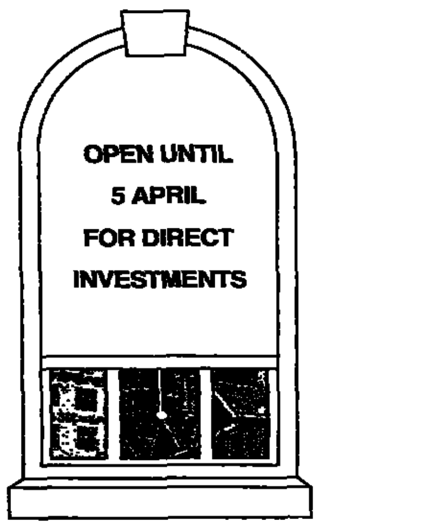

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1. This Scheme involves investment in unquoted Companies which carry higher risks than investment in quoted Companies.
2. The Investment Management Regulatory Organisation (IMRO) regulates the conduct of the investment business of SLIMS outlined in this advertisement.
3. Expert advice should be sought before investing in BES schemes.
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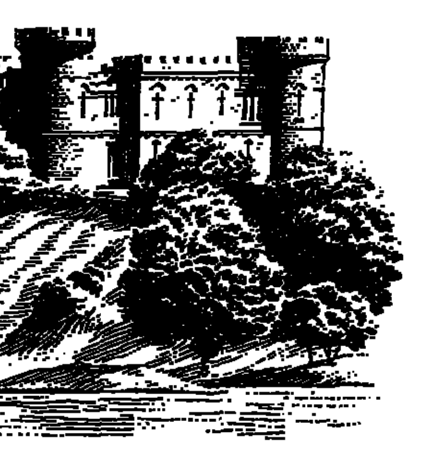

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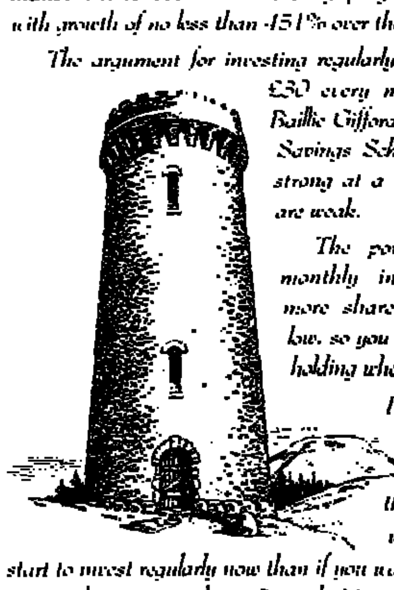
A regular monthly investment in Scottish Mortgage gives you the best of both worlds.

Scottish Mortgage is an extremely large international investment trust which seeks to achieve growth in both capital and dividends.

*It is managed actively but not aggressively: its record of performance shows sound and steady progress, with growth of no less than 451% over the last ten years.**

The argument for investing regularly, from as little as £30 every month, through the Baillie Gifford Investment Trust Savings Scheme, is particularly strong at a time when markets are weak.



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Indeed, it is our view that if you are investing for the long-term, you will do better if you start to invest regularly now than if you wait for prices to rise.

Find out more about Scottish Mortgage, and about the Baillie Gifford savings scheme.

Simply complete and return the coupon below.

Since share prices can fall as well as rise, an investor may not get back the amount invested, and past performance is not necessarily a guide to future performance.

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Please send me full details of the Baillie Gifford Investment Trust Savings Scheme.

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In January of this year Stewart Ivory were ranked 1st, out of 91 management groups, in *The Sunday Telegraph's 1990 Management Group of the year survey.

In February, 5 of our unit trusts appeared in †Money Observer's top ten tables. Both surveys were for our one year performance.

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Members of IMRO and LAUTRO
*Source: Micropal. †Source: Planned Savings Financial Data Services.

FINANCE & THE FAMILY

The electricity offer should yield a premium, writes **Clare Pearson**

Power price looks better

IF YOU are wondering this weekend whether to invest in the flotation of National Power and PowerGen, the two electricity generators, remember that the market background has altered since the share price of 175p was announced last Friday.

Then the terms on which the government was selling the shares appeared almost stingy. But they look much less so now that the Gulf war is over and the stock market has risen substantially.

That has been reflected in the prices quoted by I.G. Index, the financial bookmakers, which is making a form of advanced market in the shares. Yesterday it was quoting mid prices of 124p for National Power and 121p for PowerGen, *giving a weighted average premium of 123p.*

That suggests the offer is unlikely to reach the kind of premiums seen in the flotation of the regional electricity companies, which started trading *at about 50* per cent premiums to their partly-paid price.

But it does indicate that the market would have to go sharply into reverse between now and March 12, the first day of dealings, for there to be no profit for the stags.

It is too early to guess how strong public demand for shares will be, but so far it looks healthy. By yesterday afternoon just over 60,000 application forms had been counted, between a quarter and a third as many as at the same point in the regional companies' sale. Remember that the public offer for the generators is only about a third the size of that for the regionals.

However, even if public demand turns out to be very strong, it is unlikely any allocation will be as small as those made in the regional companies. Indications are the smallest will be at least 200 shares.

However, you will have to pay two sets of dealing expenses if you want to sell all your allocation – so you need *more shares to make the exercise* worthwhile. That is because although everyone has to buy shares in both companies in the offer, they will trade separately on the stock market.

How the shares start trading is less of a concern if you are interested in a longer-term holding. It is well worth applying to get the benefit of the income they will provide and, if you are a registrant, for the incentives.

Registrants who choose as an incentive the cash discount off the second instalment of the issue price, which is due in February next year, will get the best first-year return. Without factoring in any movements in the companies' share prices, this works out at *around 20 per cent allowing for* the interest benefit of the staggered payment.

Both short-term and long-term investors will want to maximise their chances of being allocated a high proportion of shares. *This will partly depend on how* the application form is filled in.

Making a very large individual application is not the safest policy. The government has said it will not cash cheques if no shares are allocated, but *very large applications* are bound to be cut out or scaled down if demand is strong.

Since the government will favour smaller investors, the best plan is to spread a large application between members *of family. Several companies,* such as Killik and NatWest Stockbrokers, will allow families to batch shares when selling.

If you are applying on your own, it looks at this stage as if you are likely to get a reasonable allocation if you apply for up to around 2,000 shares.

The latest time for delivery of applications to certain receiving centres, shown on the back of the form, is 10am on Wednesday. The nearer the deadline you apply, the more you will know about the and *the likely progress of the offer.*

Antiques in a tax minefield

What are your heirlooms worth and what will it cost to sell them? **Antony Thorncroft** offers guidance on the intricacies of the art market

EVERY SUNDAY evening more than 14m people watch the *Antiques Roadshow* on BBC television. Most hope that one of their family heirlooms – the "Chinese" vase used as an *umbrella stand; the battered* Teddy bear buried forlornly in the attic – will be revealed as a priceless work of art.

In fact, as the sceptical counter staff at Sotheby's, Christie's, Phillips and the other auction houses will quickly *tell* you, the chances of someone walking in for a valu*ation and out with a potential* fortune is as rare as the discovery of a genuine Rembrandt.

The surge in the art market during the 80s has left many people owning antiques of some value, but with little knowledge of the true worth of their treasure, or its tax liability if they want to dispose of it.

The valuations given on the Antiques Roadshow for insurance purposes often create artificially high expectations – that valuation is the replacement price, which would include a healthy mark-up for the antique dealer and is certain to be much higher than the price offered by the same dealer, *or a saleroom estimate.*

Now Sotheby's has come up with a booklet, *Management of Works of Art*, which attempts to assist legal advisers, but also the intelligent layman, through the minefield of taxes *affecting the ownership of* works of art. The booklet has one curious feature: it is brightly illustrated with antiques that Sotheby's has sold privately to the nation rather than through its auction rooms.

There is a good reason for this. In recent months the col*lapse of some sectors of the art* market has transformed the options in disposing of art. For a decade the auction rooms achieved record prices, at the expense of the dealers – and the national heritage. But with high prices at auction no longer certain, sellers are examining the alternatives.

A *few calculations* last November suggested that the advisers to the Morrison family were taking a risk when they recommended that it dispose of Constable's splendid landscape, "The Lock", at Sotheby's. It sold for a relatively disappointing £9.8m, and tax would eat into the return to the Morrisons. A private treaty sale to a museum for a lower sum, but with tax advantages, could, in certain circumstances, have proved more profitable – and ensured that "The Lock" stayed in the UK.

Since then other British Old Masters have fared badly at auction and Sotheby's and Christie's are promoting the advisory services they offer on private sales. The commission may be less but so is the uncertainty.

For most people the organisation of their art portfolio is more mundane and basically comes down to the following quandary: "I bought a longcase clock for £200 in 1965. There was one very similar on the *Roadshow* last week which the *expert said was worth £10,000.* If I sell mine now, how much tax will I have to pay?"

The auction houses will advise on your tax liabilities but are not keen to get too involved. The situation on Capital Gains Tax is fairly simple. If an object sells for less than £6,000, it escapes tax. This is *wonderful if you collect net*suke, or English porcelain, or dolls, or stamps, where individual objects rarely top the £6,000 mark. Your collection can be collectively valued at £200,000 but by shrewd selling you can escape CGT.

There are problems when it comes to sets – 12 18th cen*tury dining room chairs, for* example, might be worth £1,000 singly but, if sold *en masse*, could realise £12,000 (or more). It has never been legally defined what a "set" consists of, and the Inland Revenue would probably accept your word that two Chinese vases, marginally different, could be sold as separate lots, each for under £6,000, and escape tax. This is a grey area in which it is best to trust to your conscience.

Apart from collecting inexpensive antiques and "odd" sets, another means of avoiding CGT is to own antiques in common. If you jointly own a longcase clock with your wife then the individual liability is £5,000 – and escapes CGT.

But what about the 1965 bargain, the clock, which you put up for auction and which is snapped up by a dealer for £10,000. *How* much CGT will you actually pay on it?

The effect of the Finance Act of 1988 is *that* in most cases *March 31 1982* will be the base valuation date for antiques.

*Your tax liability will be cal*culated on any appreciation the clock has made since then. A dealer, or an auction house, will give you the 1982 valuation for the clock, which might be £3,000. You are allowed an inflation allowance for the intervening period which is currently about 64 per cent of *the 1982 value. We can now* work out the tax liability.

Deduct the expenses of the sale – 10 per cent commission and extra cataloguing costs. This will reduce the cheque from the auction house from £10,000 to £8,800. The indexation allowance is £1,920, which added to the £3,000 you notion*ally paid for the clock brings it* up to £4,920.

Taking £4,920 from £8,800 produces a taxable gain of £3,880. But everyone has an annual chargeable gain allowance of £5,000 so if the clock is the only antique you are selling in the year you end up by avoiding CGT.

If the clock goes through the roof, sells for £20,000 and CGT is levied, it is fixed at either 25 per cent or 40 per cent of the gain, depending on whether you pay basic income tax or the higher rate.

If you are selling off a group of items an English watercolour bought for £1,000 and selling for £6,200 could produce less profit after CGT than a Chelsea teapot which also cost £1,000 but which makes £5,800.

If you bought the clock after March 31 1982, the price paid becomes the base value. If you invested so badly that the clock has fallen in price you can claim an allowable loss – but the Revenue, *like* the auction houses, has great faith in the rising value of antiques and will *view* any *such* loss with suspicion.

■ *This is the first of a series on the finances of owning art*

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THE WEEK AHEAD

THE RESULTS season next week *continues to pick up* steam with several large engineering groups revealing the impact of the growing recession on their performance.

Rolls-Royce is expected to report on Thursday a 10 to 15 per cent rise in 1990 pre-tax profit compared with the previous year. Many analysts are *forecasting* profits in the range of £255m to £265m, up from £233m in 1989.

City interest, however, will be focused on the company's outlook for this year and 1992. Most analysts are expecting *profits to dip because of the* recessionary commercial airline environment and defence cuts.

TI, the specialist engineering group headed by Christopher Lewinton, reports its full-year results on Thursday. Analysts are expecting a relatively strong performance bearing in mind recessionary worries in the UK and US. Pre-tax profits of £124m to £128m are forecast, compared with £111.5m in 1989.

Engineering group GKN reports on Wednesday amid continuing gloom in much of the western world's motor industry, which is still its main customer. Tentative signs of a recovery in engineering overall will not be reflected in group pre-tax profits, which are expected to drop to around £180m from £215m in 1989.

Midland Bank completes a sombre clearing bank results season with what are likely to be *the poorest set* of figures of all on Tuesday. Analysts have widely differing views, ranging from a small profit to a loss of as much as £100m.

The disappointing results from the other clearers this week incline the market to expect red ink. If so, Midland's dividend could be under pressure. Although the majority of analysts still *expect it to* leave the pay-out unchanged, there is a minority view that prudence will force it to make a cut.

Ladbroke's preliminary results for 1990, due out on Thursday, will be watched with more than usual interest because of the company's exposure to leisure and retail markets, which have been suffering from the Gulf War and the recession.

The slow-down in international business and leisure travel will have hit Ladbroke's Hilton *International chain (outside* the US), although occupancy figures may not be as bad as at first feared.

The Texas Homecare DIY chain has been discounting heavily to reduce stocks. This, together with pressure on margins in Ladbroke's betting shops, is leading most analysts to expect only marginal growth in pre-tax profits to about £310m.

On Wednesday, Cadbury Schweppes is expected to report pre-tax profits of £280m for 1990, the first year it has used average exchange rates. The restated figure for 1989 was £244.3m.

In another hot summer, the company should have gained more on soft drink sales than it lost on depressed appetites for chocolate. The results will include the first full year of the combined Trebor Bassett sugar confectionery operation.

Analysts are looking for (historic cost) after-tax profits for the full year of £110m to £115m at the oil company Ultramar, which reports on Thursday, up from £102.2m in 1989.

However, analysts expect a fall in oil prices and lack of windfall gains from artificially swollen inventory prices, due to the Gulf crisis, to lead to a substantial decrease in profits this year, with one of the more bearish brokers forecasting a fall to £75m.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Audit & General	3½	3½	6½	1.24	West Inds.
Bardon Grp.‡	133¾	124	87	99.51	Evered
Broad Street	1§	1¼	6†	0.5	BDDP
Century Oils	110*	124	112	34.97	Fuchs Group
DAKS Simpson "A"	585*	575	333	31.73	Sankyo Seiko
Do. Ord	3306*	3213	-	33.06	Sankyo Seiko
Thames TV	¢	277	291	¢	THORN EMI
Touchstone	6*	4¾	6	6.05	Getronics
Touchstone†	5¼	4¾	4	5.29	Stratagem
Yale & Valor	346	339	239	405.74	Williams Hldgs.

*All cash offer.††Cash alternative. §For capital not already held.‡Unconditional.**Based on 2.30pm prices 1/3/91 †At suspension. §§Shares and Cash. ¢Terms are 250p cash, plus two contingent deferred cash payments totalling up to 50p in aggregate, for Thames ord. share; total value of bid between £124.1m and £148.9m.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Acsis	Dec	5,300	(7,400)	3.0	(5.4)	0.4	(1.0)
Baillie Gifford	Jan	94 ⚹	(143 L⚹)	0.59	(-)	-	(-)
Barclays	Dec	760,000	(692,000)	24.7	(28.9)	21.15	(19.6)
Bensons Crisps	Nov	1,360	(1,260)	12.5	(11.9)	2.75	(2.25)
Bradford & Bing.	Dec	101,000	(87,800)	-	(-)	-	(-)
British Aero.	Dec	376,000	(333,000)	92.7	(82.8)	25.0	(22.7)
BWD Securities	Nov	849	(1,710)	3.0	(6.7)	1.75	(3.75)
Campari Int'L	Nov	4,770	(4,150)	37.4	(32.0)	11.0	(10.0)
Capita Group	Dec	2,510	(1,520)	13.7	(10.4)	4.5	(3.0)
Capital & Count.	Dec	53,000	(51,300)	25.3	(23.6)	13.2	(12.0)
Chieftain Group	Dec	1,040	(1,320)	7.79	(10.5)	4.6	(4.5)
Cityvision	Nov	16,350	(12,510)	7.75	(7.07)	1.0	(0.75)
Cluff Resources	Dec	2,500	(2,000)	2.43	(1.87)	1.0	(1.0)
Commercial Union	Dec	1,400	(150,500)	0.3	(21.7)	23.0	(21.5)
Courtaulds Tex.	Dec	40,300	(39,900)	30.9	(28.9)	12.3	(11.6)
Cowie (T)	Dec	11,300	(16,100)	7.22	(10.9)	3.7	(4.2)
Dunedin Income	Jan	8,030‡	(7,350‡)	25.2	(23.1)	24.0	(21.0)
Eagle Star	Dec	127.9mL	(307,800)	-	(-)	-	(-)
English & O'seas	Dec	134 L	(2,090)	-	(23.4)	2.5	(4.5)
F&C Enterprise	Dec	178●	(151●)	0.21	(0.17)	0.2	(0.16)
Foreign & Colon.	Dec	23,100	(21,200)	3.29	(2.87)	2.9	(2.6)
French Property	Dec	179 ‡	(-)	0.71	(-)	0.47	(-)
General Accident	Dec	121.3mL	(147,000)	-	(32.6)	26.75	(25.0)
Grafton Group	Dec◆	5,180	(3,810)	22.9	(19.2)	6.0	(5.0)
Greenwich Comm.	Aug	143 L	(294 L)	-	(-)	-	(-)
Heavitree Brew.	Oct	1,030	(1,190)	8.1	(9.4)	4.05	(3.05)
Hewitt J & Son	Dec	585	(172 L)	10.9	(-)	2.5	(2.0)
ICI	Dec	977,000	(1,527bn)	87.9	(135)	55.0	(55.0)
Inv Tst Guernsey	Dec	-	(-)	1.94	(1.72)	2.35	(2.12)
Kalon Group	Dec	5,900	(4,500)	3.64	(2.71)	1.5	(1.2)
LASMO	Dec	111,000	(80,000)	21.1	(15.8)	8.5	(7.5)
Linread	Dec	2,060	(3,320)	11.1	(17.8)	5.7	(5.7)
Lloyds Bank	Dec	591,000	(715m L)	24.0	(-)	15.3	(13.3)
London Forfait.	Dec	9,050	(8,800 L)	5.71	(-)	7.25	(7.25)
Low & Bonar	Dec	25,200	(22,100)	19.7	(18.4)	9.1	(8.25)
Merlin Int'L	Dec	-	(-)	-	(-)	4.25	(-)
Mersey Docks	Dec	10,800	(4,940)	17.3	(8.22)	5.0	(4.16)
MMI	Dec	317	(301)	2.31	(2.58)	1.25	(1.0)
NatWest. Bank	Dec	504,000	(404,000)	13.0	(15.0)	17.5	(16.7)
Pacific Assets	Jan	478‡	(172‡)	2.53	(1.43)	1.875	(0.87)
Record Holdings	Dec	4,740	(4,720)	10.7	(11.4)	3.6	(3.45)
Rover Group	Dec§	55,000	(64,000)	-	(-)	-	(-)
Royal Insurance	Dec	187m L	(126,000)	-	(18.6)	26.0	(25.5)
Rutland Trust	Dec	10,360	(15,360)	2.32	(3.59)	0.8	(0.8)
St Modwen Props.	Dec	4,050	(10,070)	2.3	(6.2)	0.5	(1.4)
Sanderson Murray	Dec§§	836	(118)	34.8	(5.5)	10.0	(5.5)
Sedgwick Group	Dec	69,300	(86,100)	10.4	(13.9)	12.0	(12.0)
Telecomputing	Sept	103 L	(770 L)	-	(-)	-	(-)
Transatlantic	Dec	70,600	(68,100)	19.2	(17.5)	13.5	(12.0)
Unilever	Dec	1.78bn	(1.7bn)	59.5	(53.1)	18.16	(16.7)
Updown Invest.	Dec	834†	(684†)	13.2	(10.9)	11.0	(9.0)
Vickers	Dec	96,500	(83,600)	26.9	(23.3)	9.9	(8.9)
Yorkshire Build.	Dec	43,700	(40,800)	-	(-)	-	(-)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Arcadian Int'l.	Oct	1,750 L	(98)	-	(1.0)
Armour Trust	Oct	966	(1,160)	0.3	(0.27)
BCE Holdings	Sept	11	(1,160 L)	-	(-)
Castle Communication	Dec	759	(1,230)	4.0	(4.0)
Copson F	Oct	242	(227)	-	(1.0)
De Morgan Group	Sept	388 L	(336)	1.37	(1.37)
Eleco Holdings	Dec	2,240	(2,670)	2.3	(2.3)
Glaxo Holdings	Dec	617,000	(579,000)	8.5	(7.0)
High-Point	Nov	881	(866)	2.55	(2.55)
Hughes Food Group	Sept	6,820 L	(2,200)	-	(0.25)
International Media	Oct	597 L	(691 L)	-	(-)
Isotron	Dec	1,420	(1,350)	1.25	(1.05)
Jackson (William)	Oct	1,920	(1,700)	-	(-)
London & Metro.	June	88,800L	(5,690)	-	(2.4)
Macro 4	Dec	3,370	(3,280)	3.82	(3.7)
Maxiprint	Nov	128 L	(387 L)	-	(-)
Microfilm Repro.	Dec	3,610	(3,320)	1.2	(1.0)
Nesco Investments	Dec	22	(234 L)	-	(-)
Norex	Dec	3,560	(1,120)	-	(-)
Northumbrian Fine	Sept	364 L	(92 L)	0.75	(0.75)
Ossory Estates	Dec	4,050	(6,580)	0.4	(0.4)
Pilco Holdings	Oct	1,810	(1,540)	3.5	(3.25)
Ramus Holdings	Dec	278 L	(34)	-	(1.5)
Regina Health	Dec	54	(2,960 L)	-	(-)
Scottish Invest. Tst	Jan♥	3,700	(4,580)	-	(-)
SEET	Oct	637 L	(133 L)	-	(1.6)
Sheldon Jones	Dec	44	(147)	1.35	(1.35)
Sinclair Goldsmith	Nov	298 L	(958)	1.0	(1.5)
TR European Growth	Dec©	624●	(-)	-	(-)
TR High Income Tst.	Dec	957●	(-)	0.4#	(-)
Whinney Mackay Lewis	Oct	167	(150)	0.75	(1.6)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.⚹ Net profits.● Net revenue.© Figures for three months.‡ Available revenue.# Fifth interim dividend.† Gross revenue.§ Trading profits.◆ Figures quoted in Irish punts & pence.♥ 1st quarter figures.§§ This years figures for 18 months.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Admiral	Tuesday	1.1	2.4	1.32
Aegis Group	Tuesday	2.5	2.75	-
Aitch Holdings	Friday	-	-	-
ASW Holdings	Monday	4.0	7.0	4.5
Automated Security Holdings	Thursday	1.5	2.75	1.8
Baynes (Charles)	Thursday	0.25	0.75	0.4
BICC	Wednesday	5.75	13.25	6.0
Braime (TF&JH) Holdings	Friday	2.0	5.5	1.75
Cadbury Schweppes	Wednesday	2.8	7.9	3.0
City & Commercial Inv. Tst.	Tuesday	3.4	4.31	3.93
Clinton Cards	Tuesday	1.2	3.03	1.5
CRH	Wednesday	1.75	3.5	2.0
Doeflex	Friday	1.32	2.7	1.32
Expamet International	Tuesday	3.8	6.2	4.18
Fairey Group	Wednesday	2.4	5.0	2.75
Fisons	Tuesday	2.35	3.85	2.85
Fleming Mercantile Inv. Tst.	Tuesday	1.8	3.9	2.25
Freeman Group	Tuesday	2.75	5.35	3.0
Gaskell	Thursday	2.8	5.5	3.0
GKN	Wednesday	7.5	12.5	8.0
Greggs	Monday	4.0	8.0	4.5
Heywood Williams Group	Wednesday	4.5	8.0	4.5
Instem	Wednesday	1.0	1.5	1.2
Ladbroke Group	Thursday	4.14	5.65	4.68
Life Sciences International	Monday	0.8	1.5	1.0
Lilleshall	Monday	1.25	2.4	1.45
Metal Bulletin	Tuesday	2.1	3.9	2.4
Microvitec	Monday	0.75	0.75	0.1
Midland Bank	Tuesday	7.3	10.7	7.3
More O'Ferrall	Thursday	3.2	10.0	3.2
MTL Instruments Group	Thursday	1.0	1.4	1.2
MTM	Thursday	1.4	2.8	1.7
Murray International Trust	Thursday	2.0	3.2	2.28
Nichols (JN) (Vimto)	Thursday	4.0	6.0	4.3
Pacer Systems	Tuesday⚹	3.0	3.0	3.0
Pentland Group	Wednesday	0.25	0.35	0.31
Pentos	Thursday	0.5	1.7	0.6
Perry Group	Friday	2.75	6.25	2.75
Persimmon	Monday	2.0	4.5	2.3
Pickwick Group	Wednesday	1.25	3.0	1.65
Radius	Thursday	0.75	1.9	0.9
Ransomes	Monday	1.95	4.2	2.05
Reece	Monday	-	0.33	-
Rolls-Royce	Thursday	2.3	4.7	2.25
Serco Group	Monday	3.0	6.5	3.5
Stat-Plus Group	Wednesday	1.75	3.75	2.75
Sumit	Monday	1.5	3.7	2.0
Suter	Monday	2.8	5.5	3.2
Templeton Galbraith & Hans.	Tuesday⚹	4.0	9.0	5.0
TI Group	Thursday	5.75	11.75	6.5
Torday & Carlisle	Monday	1.7	6.3	2.3
Trade Indemnity Group	Wednesday	0.68	1.22	0.9
Ultramar	Thursday	3.0	6.0	3.5
Unidare	Monday	3.55	10.05	3.9
United Plantations Africa	Thursday●	-	3.75	-
Vantage Securities	Tuesday	0.6	2.9	0.6
Victaulic	Thursday	3.25	6.5	4.0
Wates City of London Props.	Tuesday	0.77	2.62	0.77
Walmoughs Holdings	Tuesday	2.5	7.75	2.5
Woolwich Building Society	Monday	-	-	-
WPP Group	Thursday	11.3	12.9	13.7
Wyevale Garden Centres	Tuesday	1.8	3.6	2.25
INTERIM DIVIDENDS				
Bailey (Ben) Construction	Thursday	0.5	1.4	-
Close Brothers Group	Wednesday	2.6	5.4	-
Creston	Thursday	0.7	0.3	-
Galliford	Wednesday	0.85	3.3	-
Haggas (John)	Wednesday	1.0	1.0	-
Hays	Tuesday	1.15	2.35	-
Interlink Express	Tuesday	4.12	4.25	-
Kleinwort Ben Int'l Inc Bond	Thursday	18.9	n/a	-
Mucklow (A&J) Group	Thursday	2.23	2.9	-
Murray Income Trust	Tuesday	1.88	3.36	2.10
Pict Petroleum	Thursday	-	-	-
Polypipe	Tuesday	1.1	2.4	-
Principal Hotels Group	Thursday	1.0	-	-
Raine Industries	Tuesday	2.0	3.75	-
Renishaw	Thursday	2.0	4.0	-
Rentaminster	Monday	-	-	-
Sinclair (William) Holdings	Wednesday	1.5	4.6	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.⚹ Figures quoted in US cents.● Figures quoted in South African cents.

هكذا من الأصل

FINANCE & THE FAMILY

John Authers investigates controversial, but popular, marketing ploys

BES 'guarantees' come under fire

"GUARANTEED" or "assured" growth issues have proved the hit of the 1991 BES season. They are also the most controversial offerings of the year.

The products are untried but attractive. Claims and counter-claims have been intensified by the fall-out after Chancery, an innovator of the concept, went into administration last week.

Its scheme, much supported by BES advisers because it was backed by The Mortgage Corporation, was withdrawn last Friday, as Chancery's image had been tarnished. On Wednesday, Smith & Williamson, the private bank, announced that it was to sponsor the issue, on better terms than Chancery had offered.

Yesterday the offer was pulled again. The Mortgage Corporation did so because it thought the political risk of the budget outlawing the schemes was too great. There was also little time to start the scheme, which was to buy re-possessed homes to convert them into assured tenancies.

This episode may have done irreparable damage to possibly the most ingenious idea yet to emerge from the BES industry.

"Guaranteed" schemes work by buying property and converting it into assured tenancies, typically providing student accommodation or housing for large employers.

The "guarantee" comes from a covenant to sell the accommodation, usually to a housing association, or possibly a university or pension fund, for a fixed price at the end of the five-year exemption period.

The result - all the tax advantages of other BES schemes, with much less risk. Annual growth rates approaching 20 per cent were offered. The product, investing in property and offering a high-level of tax-free interest after five years, works almost like a Tessa, but with extra relief for top-rate tax-payers.

Charles Fry, chairman of Johnson Fry Corporate Finance, believes new BES investors can be found this way, and the marketing for his company's latest scheme compares its yield of 17.35 per cent with Tessa rates.

Schemes are under attack because they run against the spirit of the legislation, which said the primary purpose of a BES company cannot be to shelter against tax. BES relief is intended for companies aiming for a profit – this does not obviously include housing associations or universities.

The Inland Revenue does not like tax breaks for risk-free investments, so these schemes probably have a limited future.

Imro, the regulatory body, dealt the schemes another blow by attacking the use of the word "guarantee". A legally enforced agreement from a third party to meet the sum "guaranteed" is needed before the word can be used, according to Imro. Companies which had already used the word have to write to all those who expressed an interest explaining this, and must offer to refund money to investors who may have been misled.

Some advisers complain that guarantees cut both ways. The growth guaranteed, typically of around 50 per cent after five years, would significantly under-perform the typical rise in property prices following a slump. A few schemes offer to share some of the profits made in excess of the amount guaranteed, but others do not.

Guarantees are only as strong as the guarantor. In the unlikely event of a worsening recession over the next five years things might get tricky. Universities are largely reliant on government grants, while housing associations depend on the Housing Corporation for capital spending, which overspent by £120m in the last financial year.

The following are some of the schemes on offer: Cambridge Colleges, sponsored by Capital Ventures, will invest in student accommodation, as will East Anglian University Residences, sponsored by Hodgson Martin. Each is "guaranteed" by the relevant university. Goldsborough Assured Properties, sponsored by Johnson Fry, has Kunick, a quoted company, as "guarantor".

Guaranteed Investment Property from Raphael Zorn Hemsley is "guaranteed" by Raine Industries and Midland Bank. Johnson Fry Guaranteed Super Growth Scheme is backed by the University of Surrey, King's College, London and a local housing trust.

Patriot Assured Tenancies, sponsored by Williams DeBroe, is "guaranteed" by the Royal British Legion Housing Association. Quality Guaranteed, sponsored by Hodgson Martin, is "guaranteed" by Quality Street.

Schemes on the market

THE traditional pre-Budget rush is occurring in the Business Expansion Scheme sector with companies fighting to attract investors looking for an end of financial year tax shelter.

Changes to the scheme in the Budget of 1988 have meant that its name has become completely incongruous. Most schemes are nothing to do with helping business to expand but with promoting the rented property sector.

As John Authers' article discusses above, one of the most recent marketing ploys – the "guaranteed" growth scheme – has been under attack. The demise of Chancery has caused the sector further problems but there are still plenty of offers available.

Active West is an unsponsored assured tenancy scheme investing in West Country property. Airways Homes V is not the latest sequel in one of Hollywood's interminable sagas but the most recent in a series of schemes designed to buy property for the use of airport personnel. It claims to be the first BES issue to gain Inland Revenue approval for a shared ownership schemes.

This will allow tenants immediately to buy 25 per cent of the value of their homes; the plan would be to sell the tenant a further 25 per cent in year five and the remainder in later years. The aim is to give investors a simple exit route.

Beeches Two is a residential property developer, sponsored by the Cheltenham-based Capital Ventures. It follows a similar scheme, Beeches Homes, which had the same sponsor and developer, the Harper Group. Shareholders in Beeches Homes were recently offered £4.60 per share for their holdings, compared with the original price of £2.

Capital Living II is an assured tenancy scheme investing within the M25. Taylor Woodrow will supervise the acquisition and disposal of property in a scheme sponsored by London-based National Leasing & Finance.

Cavendish Wates Third Assured is another assured tenancy scheme based in the south-east. Properties will be designed and built by the Wates Building Group and the sponsor is the London-based Smith & Williamson.

Letting properties to students is one of the current BES fashions and CLASS – Central London Accommodation Services for Students - has been set up to buy flats for use by language students in Westminster, Kensington and Chelsea. The scheme is sponsored by the London-based broker Williams de Broe.

Inspector Morse, faced with a pub labelled Fine Inns of Distinction, would immediately suspect a tourist trap with horse brasses on the wall and weak beer. However, London-based sponsor Johnson Fry plans a series of companies under this label which will buy hotels at distressed prices to be managed by Resort Hotels. Target hotels will be located "for easy access to both commercial and tourist markets."

Pathfinder Properties is a Johnson Fry sponsored assured tenancy scheme. It follows the formula, and has the same managing director, as City Gate Estates, a previous BES company which enjoyed a share price increase from £1 to £2.80. Another issue from Johnson Fry is Predator Plus which will borrow heavily to buy residential property at distressed prices.

Residential Recoveries is another Capital Ventures scheme which seeks to buy properties from distressed developers. String of Pearls, sponsored by Neill Clerk, is a distant relative of the "guaranteed" schemes, but with a more exotic product. It will invest in low-budget British films, which have been pre-sold to television companies and distributors. This limits the risk compared with most trading companies, but conservative BES investors may not be attracted by the films with such lurid titles as Vendetta and Midnight Fear. Finally, Telford Starters, also from Capital Ventures, will, as its name suggests, buy starter homes in Telford.

Philip Coggan

A lavender tax-saver

"I CAN'T FIND SWEETENERS IN THE INDEX."

A LITTLE brightness has been shone into the recessionary gloom with the publication by the Inland Revenue of the third in its series of booklets showing taxpayers how the law can sometimes be adjusted or even completely disregarded for their benefit.

Entitled "Extra-statutory concessions", the lavender-covered booklet IR 1 (1988) and its two supplements contain an assortment of tax-reducing remedies covering groups ranging from market gardeners and mortgage borrowers to contemplative religious orders.

The Revenue explanation of these detours of the tax law authorised by ministers, though not by Parliament, is that they correct minor or transitory anomalies or relieve hardship in cases where it would be too complex or time-consuming to change legislation.

This is a claim that cannot be verified, as not all concessions are published. Again on ministerial authority only, favoured treatment negotiated by special interest groups can be kept under wraps.

In practice, the concessions widen the powers of tax inspectors, who are free to apply the letter of the law – still in place – or vary it. Taxpayers cannot demand a concession and have no right of appeal if an inspector refuses one.

Another obstacle is Revenue preparedness to argue fine points, as signalled in a note common to the three booklets: "it must be borne in mind that in a particular case there may be special circumstances which will require to be taken into account in considering the application of the concession."

This remark might seem superfluous given the highly specific nature of some of the concessions. One gives members of the Royal Ulster Constabulary who die from injuries caused in Northern Ireland by terrorist activity the same relief from inheritance tax as members of the armed forces. Another exempts widow's pensions from tax for Singaporean widows living in Britain if their late husbands were UK nationals employed by the Singapore government.

But most concessions could apply rather more widely. Frustrated commuters might profit from number A58, which covers people whose employers refund extra travel expenses or hotel costs when public transport is dislocated. Provided the amount involved is "reasonable", it is not counted as a taxable benefit and need not be declared. However, the concession refers explicitly to dislocation "by strikes or other industrial action", so the other varieties of disruption recently on offer may not qualify.

Unlike the law, concessions can vary substantially between reprints.

An example is number A19, dealing with arrears of tax arising through official error. The Revenue notes that this concession has been updated to reflect increased scale limits and the introduction of independent taxation. But a comparison with the previous version shows that three other changes have also appeared. "In certain circumstances arrears of tax are wholly or partly waived if they have arisen through the failure of the Department to make proper and timely use of information supplied by the taxpayer about his income and personal circumstances so that he would reasonably believe that his affairs were in order," says the new text with slightly more insistence than the earlier wording which read "... could reasonably believe ..."

A warning has been added that both the "reasonable belief" and "failure to make use of information" conditions must be met.

Inspectors can waive the full amount of tax owned by taxpayers with a gross income of £12,000 or less (£15,300 for over 65s). The scale then slides, with only one-tenth of the tax waived for people with income of between £22,001 and £32,000. Arrears have to be paid in full once income reaches £32,001 (£35,301 for the older group). Under independent taxation, the limits apply to each individual instead of a married couple, as in the past.

But the Revenue has quietly removed the possibility of some further leeway. As presently worded, the concession gives inspectors discretion to allow relief if the taxpayer's income only marginally exceeds the limits and he has large or exceptional family responsibilities. A previous alternative of allowing relief "if the taxpayer's investment income does not represent readily realisable capital (eg. an annuity)," has vanished.

Concessions published in the intervals between booklets appear in Revenue press releases, available from the Public Enquiry Room at the Somerset House.

The latest of these relaxes the capital gains tax rules for employees who sell their homes to relocation companies for the current market value, plus a share of any profit the companies make when they eventually sell. Under present law, the later profit is a separate asset liable to capital gains tax. The concession makes it exempt to the same extent as the home itself.

However, it can be fiscal suicide to build concession too obviously into tax planning. "A concession will not be given in any case where an attempt is made to use if for tax avoidance," warns the Revenue prominently in each booklets.

This warning was invoked by the Revenue in 1987 when a taxpayer sought judicial review of an inspector's decision to refuse a concession.

The taxpayer's wife had been thinking of selling a farm she owned but instead transferred it to him as a gift on the day he left the country to live in Germany. No capital gains tax was payable on this transfer from wife to husband and when the man sold the farm a few weeks later, he tried to escape CGT once more under the concession exempting gains on sales made in the part of a tax year after a taxpayer has become resident abroad. But he had to pay the tax.

Barbara Ellis

The best interest rates

FROM THIS week, Finance & the Family is expanding the information it gives readers on the best rates they can get for their money from the largest banks and building societies.

The table below has been provided by Moneyfacts of Stalham near Norwich. Readers can obtain a free copy of the Moneyfacts guide by calling 0692-82808.

The first section – Investment Accounts and Bonds – shows gross (before tax) rates offered on accounts for minimum balances ranging from £1 to £25,000 and for instant access and 90 day notice.

The TESSAs section shows the rates available for a range of minimum investments; it does not take account of bonuses. Further sections show the best rates, for a variety of investments, on high interest chequing and offshore accounts. The offshore table includes a Bradford & Bingley account, which pays interest only on maturity (OM).

Guaranteed income bonds pay a fixed rate for a fixed time. The rates shown are net of basic rate tax. National Savings offer a variety of accounts and certificates, some tax-free if held for five years.

Two caveats should be noted. First, this week's half point cut in base rates has not yet been reflected in savings rates, so the better rates may not be available for long. And further cuts may follow.

The second is inflation. It is difficult to give useful figures for the real (minus inflation) return on accounts. The most recent RPI figures showed a rate of 9 per cent which, if subtracted from the post-tax rates displayed below would in many cases offer a poor return.

However, what really matters is the rate of inflation over the next 12 months. Most forecasters are looking for a figure of around 5 per cent over that period, which makes the real returns look more attractive.

Philip Coggan

THE BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Southdown BS	Supersaver	0273 471671	Instant	£1	13.00%	Yly
Portman BS	Instant Access	0202 292444	Instant	£500	13.15%	Yly
Chelsea BS	Tax Saver +	0242 521391	90 Day	£500	14.00%	Yly
Cheltenham & Gloucester	London Share	0452 372372	Instant	£2,500	14.70%	Yly
Alliance & Leicester BS	Bond	0533 717272	2 Year	£10,000	15.67%	Yly
Bristol & West BS	Bond	0272 294271	31.12.91	£25,000	16.00%	Yly
TESSAs (Tax Free)						
Cambridge BS		0223 315440	5 Year	£1	15.00%	Yly
Skipton BS		0756 700500	5 Year	£100	15.25%	Yly
Nationwide BS		071 242 8822	5 Year	£3,000	15.15%	Yly
				£9,000	15.50%	Yly
National Counties		0372 742211	5 Year	£3,000	15.40%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	12.50%	Yly
Chelsea BS	Classic	0242 521391	Instant	£2,500	13.80%	Yly
				£10,000	14.40%	Yly
				£25,000	14.80%	Yly
UDT	Capital Plus	0734 560411	Instant	£1,000	12.60%	Qly
OFFSHORE ACCOUNTS (Gross)						
Portman CI Ltd	Channel Isles	0481 822747	Instant	£500	14.25%	Yly
Alliance & Leicester	Maximum 90 Day	0624 663566	90 Day	£25,000	15.25%	Yly
Bradford & Bingley	Maximiser Bond	0624 662883	31.3.92	£5,000	15.33%	OM
				£25,000	15.67%	OM
GUARANTEED INCOME BONDS (Net)						
Canterbury Life (F)		0227 457375	1 Year	£10,000	10.00%	Yly
Liberty Life (F)		081 440 8210	3 Year	£25,000	9.70%	Yly
Aetna (F)		0800 010 575	5 Year	£25,000	9.75%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/cs	Post Office	1 Month	£5	12.75%	Yly
	Income Bonds	Post Office	3 Month	£2,000	13.50%	Yly
	Capital Bonds (F)	Post Office	5 Year	£100	13.00%	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	35th Issue (F)	Post Office	5 Year	£25	9.50%	OM
	5th Index Linked	Post Office	5 Year	£25	4.50% +Infln	OM

All rates (except Guaranteed Income Bonds) are shown Gross
(F) – Fixed Rate (All other rates are variable) OM = Interest paid on maturity.
Source: Moneyfacts, The Monthly Guide to Investment and Mortgage Rates, Walsham House, Stalham, Norwich.

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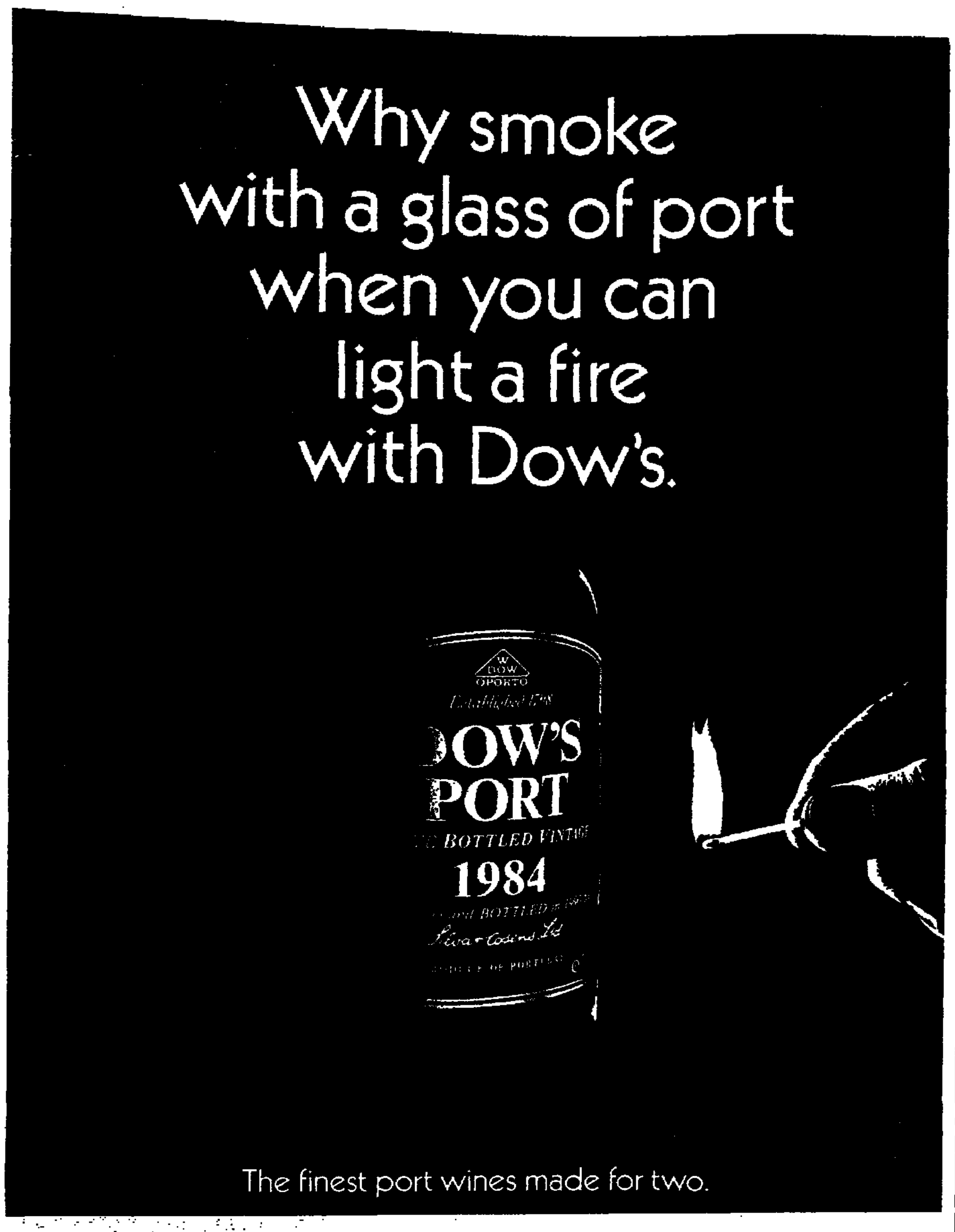

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FINANCE & THE FAMILY

Eric Short and **Philip Coggan** on a new twist to investment trusts

Saints to charge commission

INVESTMENT trusts made a further play for the independent intermediary market this week with the announcement that Scottish American Investment Company (Saints) would pay 3 per cent commission on lump sum investments into the trust.

However, the scheme raises many difficult issues about the nature of so-called "independent" financial advice and of investment trusts.

Even investors who do not use financial advisers will have to pay the commission under the Saints scheme. Otherwise financial advisers, who are required to give "best advice", would be forced to admit that investors would be better off buying the shares directly.

However, this problem has not been entirely avoided. Private investors might still save money by buying the trust's shares though a stockbroker. Discount brokers can charge as little as 1.25 per cent for a sale or purchase.

Admittedly there is only a small £10 administrative charge for selling via the Saints scheme but a discount broker would still be cheaper. And in some circumstances even a conventional broker who charges 1.65 per cent would save the client money.

Given this, how would a financial adviser be giving "best advice" if he told a client to buy the shares through the scheme?

There are further difficulties. Surely "best advice" would suggest that the client buys another investment trust and avoids commission. Saints may be a perfectly good trust but it would be a bold man who could claim that Saints was certain to outperform, say, Foreign & Colonial, especially with a built-in 3 per cent disadvantage.

It is a fair point that advisers already face this conflict when choosing to recommend a unit trust which pays commission over an investment trust which does not. But at least an adviser could respectably argue that unit trusts have characteristics – ease of access, asset value pricing – that make them a different proposition from investment trusts.

There appears to be a huge gap in the regulatory system regarding the treatment of investment trusts.

The Financial Services Act classifies investment trust shares as equities in the same manner as ICI shares, not as packaged investments such as unit trusts. As such there is no statutory cooling-off period.

This means that the investor cannot change his mind and get his money back without penalty, as with unit trusts.

It also means that the investor does not receive notification from the investment trust group as to the amount of commission paid to the adviser. With unit trust investment, the investor is informed on commission payments by the unit trust management group.

In addition there is no comparable "Buyers' Guide" which tells the investor of his rights, how the adviser is renumerated and which reminds the investor to seek full details of the product before investing. The investor will receive a contract note setting out the commission charged by the stockbroker handling the purchase.

Saints is leaving it to the adviser to inform his or her client that a commission is being paid. And under the Core Rules of Fimbra (Financial Intermediaries, Managers and Brokers Regulatory Association) the adviser has a duty to inform his client that he would be receiving commission, but not the amount.

All one can do at this stage is to alert investors to get a full explanation from the adviser if he recommends the Saints trust.

The situation will be made more confusing in a few days when the Securities and Investments Board reveals its proposals for regulating regular savings investment trust schemes.

It is widely expected that these schemes will be treated on a par with unit trust and life assurance savings schemes, that is as packaged investments, rather than as shares.

Saints say that in an ideal world advisers would be paid fees and that these problems would not arise. But in the real world, investment trusts are being ignored by advisers and Saints feels it has to respond.

It will be strange if investment trust savings schemes, designed as a cheap way for investors to buy shares, become an expensive option. And it is sad that trusts are losing their long standing tradition of low charges.

DIRECTORS' TRANSACTIONS

TWO substantial transactions dominate this week's list – the sale of the Weisfelds' family holding in Amber Day for 68p, and the acquisition of the Oyston stake in Capital Radio by David Maule-ffinch through his investment company, Dominfast.

The Weisfelds were vendors of the What Everyone Wants Group to Amber Day in June 1990 but their stake was placed with institutions after disagreement over how the company should be managed. The Amber Day Board forecast a substantial rise in interim profits to coincide with the sale.

The shares of Harrison Industries, best known for its garage door manufacturing business, have pertormed badly over the last three years, although the profits have held up relatively well. The executive directors have all taken advantage of the weakness in the price to add to their holdings.

John Ritblat of British Land took up 2.5 per cent of the convertible capital bonds issued to finance the purchase and lease-back of supermarkets with Sainsbury at a personal cost of £2m. The sale of stock in Benson Group is a continuation of the trend seen over the last year, with the original executive team selling, and the new directors buying.

Angus MacDonald,
Directus Ltd

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Allied Textile Co.	5,100	17	1
Amber Day Holdings	15,656,566	10,646	2
Benson Group	2,600,000	260	2
Budgens	30,000	16	1
Courtaulds	60,000	221	2 *
Deb Tws & Chinnocks	500,000	400	1
Ellis & Everard	250,000	482	1
EMAP	61,000	134	1 *
Farnell Electronics	10,000	18	1
Graham Wood	35,000	28	1
Huntingdon Intl	35,679	97	1
Leslie Wise Group	150,000	105	1
Pilkington	184,788	341	2 *
Reed International	90,000	357	1 *
Richmond Oil & Gas	16,000	10	1
Sainsbury (J)	56,212	191	2
Securicor "A"	14,300	63	1
Stanhope Properties	100,000	88	1
Vistec	200,000	22	1
Warburg (SG)	33,559	134	1 *
PURCHASES			
Anglo United CRP's	27,000	13	1
Bimec Industries	100,000	41	1
British Land	2,000,000	2,000	1
Capital Radio	3,089,444	5,252	1
Downiebrae Holdings	150,000	45	1
Ewart	45,000	28	2
Fairway (London)	40,000	18	2
Gleeson Group	4,000	25	1
Harrison Industries	49,000	24	6
Jarvis	17,500	12	1
Kleinwort O'seas IT	7,500	11	1
Martin Currie Euro	18,000	15	1
Tyndall Holdings	110,000	38	1
Warburg SG Conv Def	7,000	12	1
Warner Estates	14,000	27	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 18-22 February 1991.

Source: Directus Ltd, Edinburgh

Compensation dispute is blow to investors

SOME 40 investors who had their money in four investment firms* which failed may not receive any of the £270,000 compensation due to them under the Investors Compensation Scheme.

These unfortunate investors are caught in the middle of a dispute between the Securities and Investments Board (Sib), the overall financial services regulatory body, and the Financial Intermediaries, Managers and Brokers Regulatory Association (Fimbra), which regulates independent financial advisers and smaller investment management firms.

The Investors Compensation Scheme came into existence on August 28 1988. It compensates those investors with money in authorised investment firms in default, paying in full on the first £30,000 of investment and 90 per cent of the next £20,000.

The disputes centres over the interpretation of the rules relating to compensation of assets held before the starting date. Sib constructed the rules on the premise that all investors are covered by the scheme if the investment firm was operational at the start date. But Fimbra argues that compensation should not be paid if it relates to events which occurred before the scheme came into existence and has received Counsel's opinion that endorses its views.

Sib and the ICS are seeking a ruling from the High Court to clarify the legal position.

One can sympathise with Fimbra's stance. Its members have already paid significant amounts of compensation and face a heavy bill for the current year to end-March, many of the liabilities of some of the failed firms arising before the start date.

So Sib and the ISC, sticking closely to the letter of the law, has temporarily suspended payments to these 40 investors pending the ruling of the Court. If the Court finds in favour of Fimbra's interpretation, then these investors will not receive any compensation, despite having previously been informed that they would.

"WE'RE NOT MOVING THE GOALPOSTS MR SMEDLEY. WE'RE SAYING THEY DIDN'T EXIST BEFORE AUGUST 28 1988."

However, it verges on the heartless for the ISC to change the rules in mid-stream for these 40 investors. The ISC has no power to make discretionary payments and Sib does not intend to seek such powers for the Scheme, even on a temporary basis for these unfortunates.

In this situation, investors with long standing investments may well consider whether they should "bed and breakfast" some or all of their holdings to ensure that they would in future qualify for compensation should the unforeseen happen. Professional advice should be sought before any action is taken.

* *Fox Milton & Co – authorised by TSA.*
Greenan Investment.
Mildminster – authorised by Fimbra.
JGM Financial Services.

Eric Short

Willing to renounce a legacy

RECENTLY my husband died intestate. My father-in-law stands to inherit a portion of my husband's estate but owing to his (my father-in-law's) circumstances he does not wish to inherit. Is it possible for him to renounce his portion without taking on the responsibility of ever having received it? Can he forego the inheritance even though the law states that it should be his?

Your father-in-law can renounce his statutory legacy which would leave it to augment the residue; but a useful alternative, which is only available during the period of two years from the date of your husband's death, is to enter into a deed of arrangement between your father-in-law and you (and any other adult beneficiaries) disposing of the statutory legacy as if your husband had made a will in which it was disposed of in that way.

Earnings allowance

MY WIFE and I retired some years ago and I now have five years' back tax forms to complete for the inspector of taxes. My wife has a small company pension of £226 p/a tax £56.50 for 89-90. Can you advise me if I can get a wife's earned income allowance and if so how much can I claim and for how many back years?

Yes, your wife's pension is eligible for wife's earnings allowance for 1984-85 to 1989-90. You do not have to claim this allowance specifically: it will normally be granted automatically. The effect will be to exempt your wife's pension from tax for all the years concerned.

You may like to ask your tax office for the free pamphlets IR4 (Income tax and pensioners) IR81 (Independent taxation: a guide for pensioners) and IR90 (independent taxation: a guide to tax allowances and reliefs).

A safe house

TO GAIN the advantage of the nil inheritance tax band of £128,000 I have, in my will, left 7/16th of the value of my house to each of my two children and the remaining 2/16th to my wife. Could the house be sold without my wife's agreement? I have lent my daughter £25,000 interest free and returnable on demand towards the purchase of a house. Would there be an inheritance tax liability on my death?

The gifts which you describe would leave the major part of the equity vested in your children, who could therefore force a sale. If you first make a gift of a half share in the house to your wife, the gifts by will being left to operate in respect of your 50 per cent share only, her position will be considerably more secure as she would own 62.5 per cent after your death.

The loan to your daughter which you describe should not attract inheritance tax but it would have to be called in by your executors unless you provide in your will for cancellation of the debt such a provision would be tantamount to a gift of £25,000.

Q&A
BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

CGT at death

YOU HAVE said that transfer of shares between husband and wife on a no-gain, no-loss basis are not subject to Capital Gains Tax.

I am acting for my widowed sister whose husband has left her his entire estate which includes a number of share holdings. My question is as to whether there will be a CGT liability on these transfers and if so will it be required to declare this for probate?

No, CGT on death was abolished in 1971. Your sister is deemed to have acquired her late husband's shareholdings on the day of his death at their market value on that day (on the quarter-up basis). You may like to ask your tax office (or your sister's) for the free pamphlets IR45 (Income tax, capital gains tax and inheritance tax: what happens when someone dies) and CGT14 (Capital gains tax: an introduction).

Guarded gift

IN MY will I have left money to my daughter. I do not want this money to go into an account to which her husband has access. Can I stipulate this to my executor in a separate letter or do I have to add a codicil to the will?

If you leave money to your daughter by Will you cannot control what she does with it. To achieve what you propose you would have to create a protective trust, giving a life interest (on protective trusts) to your daughter with a gift over of capital to someone else, say her child or children.

MINDING YOUR OWN BUSINESS

Nicholas Garnett meets a young entrepreneur who got on his bike

Deliver us from debt

I THOUGHT it would be easier than running a restaurant. But it's not." Ben Fox has been learning the hard way since setting up in London last year what he claims is Britain's first hot pasta home delivery service.

A £75,000 bank loan has already been gobbled up. Too much money was consumed on pasta making and cooking machinery. Too much money was ladled into artwork and graphic design. Fox was a little too extravagant with himself, buying a jeep in his own company's livery.

"We could have got the venture going for much less money and still got the same level of business," he says. *"We certainly have made some mistakes."*

Fasta Pasta, operating from take-away style premises in Fulham, will probably be saved only if discussions between 27-year-old Fox and a couple of potential partners bear fruit. That would mean an injection of new capital and the spreading of overheads by opening at least two further outlets.

When he was made redundant in 1989 from Pizza Piazza, the fast food chain where he was development manager, Fox decided to set up his own fast food business. Pasta was chosen because there are few, if any, home delivery services of linguine, spaghetti, rigatoni and the other variations of the Italians' favourite dish. It is also an increasingly popular food.

"There are now more people in the UK eating pasta but we eat only about seven pounds per person per year compared with ten pounds in the United States and 57 pounds in Italy."

The concept was to make up pasta dishes with their sauces and deliver them hot by bicycle. Most of the banks Fox approached turned their noses up at the idea. Eventually, his local branch of National Westminster agreed a £72,000 loan of which all but £20,000 is guaranteed under the government's loan guarantee scheme. Fox put in just £3,000 of his own money.

Setting up a business, if you are not careful, can suck up money faster than it can be counted. The property in Fulham costs £13,500 a year rent on a 20-year lease with rent reviews every four years. Refurbishing it cost another £8,000 *to £10,000. Fox went to Italy and* bought pasta and sauce making equipment, mainly from one manufacturer, Prestigiosa, at a total cost of close on £20,000. Five new mountain bikes cost £300 each – though two have since been stolen – and fancy menus and uniforms £4,000.

Fox installed a fax machine and bought books of pre-printed sheets of his own design on which companies could *fax lunchtime orders.*

"With hindsight, we made a number of mistakes. We ordered too much pasta equipment. I could have done without the jeep. I could have cycled to work or used the Tube. The fax system is not used as avidly *as I would have hoped.* Unless you are in the centre of the city, I don't think it pays for itself."

Nevertheless, Fox says he has "absolutely no doubts" that with further investment a pasta delivery service such as Fasta Pasta can be successful. He says the business will have a turnover in the first twelve months of about £100,000. About 30 per cent of the company's business is done at lunchtime and overall about a third is for business rather than domestic consumption. All but 5 per cent of the business is delivery, with a small trade in take-outs.

Fasta Pasta's dishes of freshly made-up *semolina flour,* water, eggs and salts and with sauces ranging from prawns and vodka to good old bolognese vary from £3 to £7. It offers a dozen different types of pasta and a similar number of sauces to more than 500 customers a week. The dishes are *delivered to* homes and offices, including Virgin and PolyGram, within a 25 minute ride by cycle which carry panniers heat-insulated with radiator lining. Two full time staff are employed with several other people called in *when necessary to cope with deliveries.* The principal method of promoting the business has been mail drops which Fox says need to be repeated three or four times a year at a cost each time of about £300.

Fasta Pasta, though, is struggling to make *any sort of profit. That is* in spite of a one year holiday on interest repayments on the business loan. Fox hopes that at least two investors will be putting in between £75,000 and £100,000 and taking a 40 per cent share in the company.

Spaghetti wheels: Ben Fox of Fasta Pasta

"The intention is to open two further outlets. We would be able to set those up for about £25,000 less than we did with this place in Ful*ham." Fulham would then act* partly as a centralised kitchen, doing some of the food preparation for the other two outlets.

Fox says that he wants to promote a mix of good value and decent service with healthy eating, stressing that pasta averages 33 calories per ounce (though that is without the sauce).

"We kind of want to make it the *Body Shop of fast food."*

The body of the business at the moment, however, is not so healthy and survival without extra finance is going to prove very awkward.

■ *Fasta Pasta, 26 Filmer Rd, Fulham SW6 7BW. Tel 071-385-1066.*

COMPUTING

Electrified book-keeping

David Carter looks at accounting packages for all company sizes

THE CENTREPIECE of any business system is accounting – calculation of income, expenses, and profit; control of the flow of cash into and out of the business. Any business with a computer will need accounting packages, *this* is a brief survey of what is available.

Under a traditional manual system the principal accounting book (or "ledger") is the nominal ledger. The nominal ledger ultimately holds details of all a company's *accounts* and all its financial transactions. From it is extracted the final profit and loss account and balance sheet.

Within a nominal ledger the three most complicated accounts are usually the debtors account (which handles all your sales invoices), the creditors account (which handles all purchase invoices) and the bank account (which handles all cheque payments *and receipts). Normally* a separate ledger book is devoted to each.

A sales ledger handles the debtors account in the nominal ledger, a purchase ledger handles the creditors account, and a cashbook han*dles the* the bank account. Three of the four ledger books are easily automated. One is not.

The Cinderella of the four is the cashbook. The software industry and the accounting profession seem tacitly to agree that when it comes *to the first* chore of bookkeeping – reconciling bank payments and withdrawals with the bank statement – a manual cashbook from W H Smith or Ryman's does the job much better than a computerised one.

Many a businessman has just taken delivery of a computer to "do his accounts", and is then aggrieved to be told that if he wants to get the thing to work his first task is to write up a manual cashbook.

However, with sales, purchase and nominal ledgers the benefits of automation are overwhelming and immediate.

Computerised accounting systems differ according to the type of business they serve. For this survey we will classify them into four types: small business accounting, financial accounting, management accounting, and multicurrency accounting systems.

SMALL BUSINESSES: Most small businesses turning over less than £100,000 annually do not have enough credit invoices to justify traditional sales and purchase ledgers. They need a specially adapted nominal ledger able to handle the bank account and small numbers of debtors and creditors. This sort of package is in its infancy and it is fascinating to watch the designers grappling with the problem of how to give the non-accountant user a package which can do the accounts but does not require knowledge of debits and credits.

Packages for small businesses tend to be sold through Dixons, Woolworths and by mail order. Examples are Digita Cash Controller, Dac *Light* Accounting, *Kalamazoo's* One-up System, Money Manager from Connect Software, IT Marketing's Cash Trader Plus, Easy Accounts from ABC Systems.

FINANCIAL ACCOUNTING: As the company grows, financial *accounting becomes a problem.* It is now trading mainly on credit and cash control is more complicated, requiring not only control of the bank account but also of substantial debtors and creditors. So the company throws away its computerised cashbook and starts running a manual one, and sets up *full sales and* purchase ledgers on computer.

Most of these companies turning over less than £1m do not have an accountant or anyone who understands debits and credits. To them the nominal ledger is a closed book best left to the auditors at year-end. The nominal ledger package in this type of system is designed to produce year-end accounts; it holds balances for the current month and the year to date.

Typical packages in this range are: Denton's Accountant (ex-Pulsar), DacEasy from the US, Complete Accounting from MAP Software, Easifacts from Facts Software, Paxton Business Desk, Pegasus Single User, Sage Sterling Accountant, Systematics from Sapphire and Tetra's Compact Moneyware.

However, when a qualified accountant takes over there is (or should be) a dramatic change. With cash, debtors and creditors under control the emphasis switches from financial to management accounting.

MANAGEMENT ACCOUNTING: The first step towards management accounts is to report performance not simply in terms of the year-to-date, but month by month. Management can compare one month to the next and see the changes in sales and expenses due to seasonality and so on. They may also want to see the monthly figures compared with budget or last year's actuals.

There will be much more detailed analysis of expenses and sales, perhaps with separate profit and loss accounts for individual operations, rather than just one set of accounts for the whole company. All this extra analysis takes place within the *nominal* ledger which becomes of key importance within the accounting system, whereas before it took a back seat to the sales and purchase ledgers.

When it comes to management accounting, in practice many accountants find that all their needs can be satisfied if they run their accounts in a financial accounting-type nominal ledger, then take the account balances from the *trial* balance and analyse them in a spreadsheet.

But if the accountant wants standardised and regular reporting of detailed management accounts there are many excellent packages *available: Among them are* Datafile Diamond, MicroFacts from Facts Software, Global 2000 from TIS (until recently under the BOS label), Graffcom Accounts II, Multisoft Prestige, Omicron's Power system, Plusmark Business Manage*ment, Pegasus Senior,* Sovereign from Sage, Systems Axis, Tabs III and Tetra 2000. Most of these systems also offer a "report-writer" module giving the user the facility to analyse data any way he wants.

MULTICURRENCY Accounting: *Finally,* we *come to the* top end of the market – the big companies and the multinationals. Here we enter the rarified world of multicurrency accounting. Now, there is multicurrency and there is multicurrency. If you receive just the odd *foreign currency* invoice you do not need a multicurrency package at all. You can post it to the ledger in sterling at a standard exchange rate and take an exchange gain or loss in the cashbook when it is finally paid. But things grow complicated *as you start to run foreign currency* bank accounts, make forward purchases, invoice in foreign currencies, have to value unrealised gains and losses, or at the ultimate have overseas subsidiaries which you want to consolidate centrally.

Many of the management accounting systems offer comprehensive facilities but if multicurrency is your prime concern, and if you want a nominal ledger bristling with financial analysis, there is SunAccount from Sapphire/Systems Union, Dillon World Systems, Shortlands, Tetra's Chameleon, and the XIS package from Omicron.

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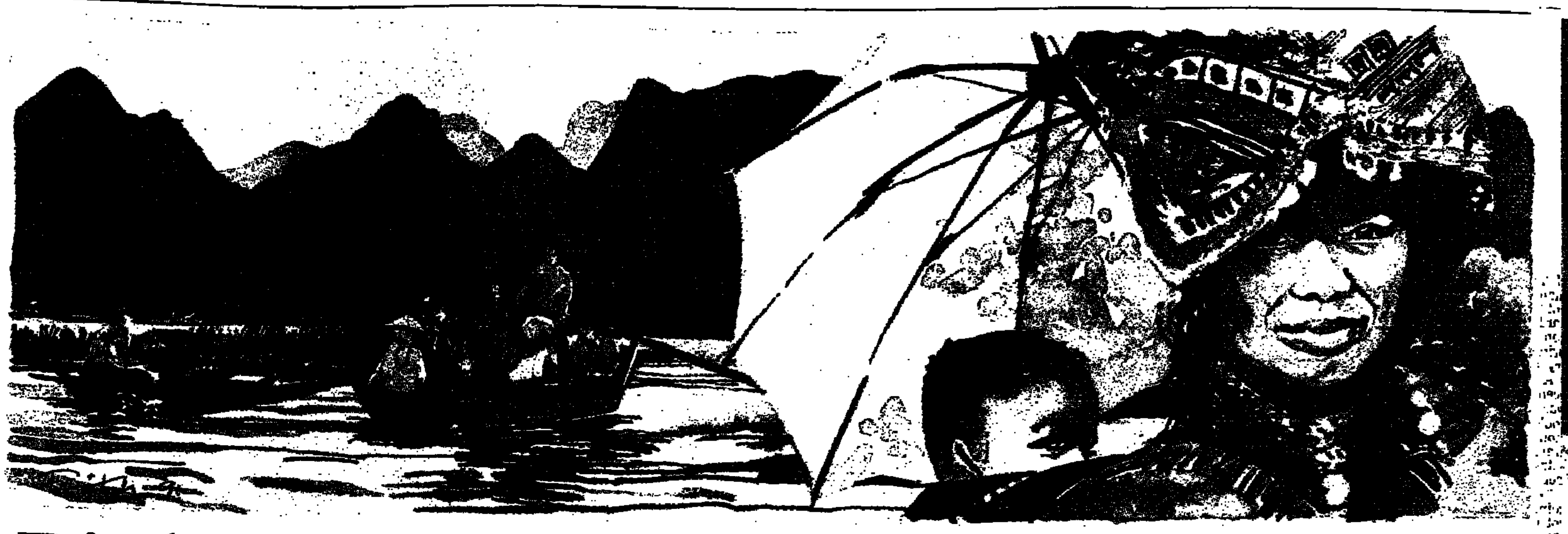


Binh Hoa: Vietnam's lost apocalypse

***Justin Wintle** returns to a less successful US battleground where sad echoes of violence still haunt the villagers*

IN ONE RESPECT at least Americans can be grateful to Saddam Hussein. He has finally distanced them from the Vietnam War and the shame of that conflict.

At My Lai, where 500 men, women and children were butchered by US soldiers in an atrocity that became a symbol of the desperation of some American troops in South Vietnam, those memories have been preserved in a museum of the photographs which shocked the world in 1969.

Twenty years on, the memories are fading. But for the older inhabitants of another village, barely 20 miles from My Lai, the sorrow and pain are still great. Although the grass has grown back at Binh Noa and lives have been rebuilt, I discovered a community which bear deep scars, although the cause of them never featured in the world's headlines.

I learned about Binh Hoa almost by accident from the People's Committee of Quang Ngai province. Travelling through Vietnam a certain routine developed. Every time I arrived somewhere new a local committee would lay on banquets and a history lesson. Hospitality and propaganda (in equal measure).

In this respect Quang Ngai city was no different. I duly found myself ranged opposite several cadres at a long table, with my interpreter, Truc, at my side. Hong Nhan, director of the Culture and Information Bureau was doing most of the talking.

"There were so many incidents," Hong tells me. "The massacre at My Lai, for example, or the one at Binh Hoa."

Binh Hoa? I have never heard of Binh Hoa. I ask to be taken there. After some toing and froing of junior cadres, and after the vice chairman of the People's Committee has given his consent, I am told that I can go.

I set off with Truc the following morning. At the wheel of the beaten-up Mazda is Sau Dai, a former army captain. We are encouraged by a cadre from the provincial committee. We drive northwards to Binh Son, where we stop at the district people's committee headquarters, but there is no-one there to meet us.

Across the road isthe police station. A group of three or four non-uniformed men are standing, gazing at us. Sau Dang talks to their leader, a short fellow with a dangerous face. He is, he says, chief of police in these parts, and he doesn't want us around. We can go no further.

Sau Dang is furious, but refuses to give up. We drive back toward Quang Ngai, but take the My Lai turning. Hong and the vice president, he knows, are escorting a party of Americans around the museum. When we find them, Sau Dang explains our plight. Hong says he will accompany us back to Binh Son. Indeed, he will devote the rest of the day to my expedition.

So, back to Binh Son. The committee building is still deserted, but a few words to the janitor from Hong soon brings the local chairman and vice-chairman running. My party is led upstairs to be offered tea in a square, shabby room. Apologies are offered. The police, I am told, were only concerned for my safety.

By the time I finally get to Binh Hoa it is mid-afternoon. The road is pitted and still bomb-cratered, making me wish that I was in the jeep – full of dignitaries and their henchmen – that now escorts us.

Binh Hoa itself is not like My Lai, which nestles in luxuriant tropical foliage. Here we are close to the sea, salt winds have reduced the landscape to desolate scrub. But at least now I am expected. Messengers have been sent to prepare a reception. Yet another people's committee is waiting.

Everybody crowds into the committee house, no more than a concrete shed without electricity and festooned with red banners and the obligatory portrait of Ho Chi Minh, in this instance looking almost frighteningly avuncular.

About 20 of us, all men, sit round a long-table. Oil-lamps are lit. The introductions and formal compliments go on a bit, but finally two older men, peasants, are brought in and placed near me. These, it is explained, are "witnesses" of the Binh Hoa massacre. With a little help, they will tell the story.

The first to speak is the very frail Mr Bui. Visibly overwhelmed by the attention he is receiving not just from myself but also from those who, in his daily life, no doubt assume the role of his masters, he rises respectfully to his feet and at first falters. His eyes quickly soak. He simply cannot grasp, he says, why, after so long, a complete stranger has come to ask him questions.

But when he gets going old Bui speaks from the heart. He tells me how all the men in Binh Hoa had been revolutionaries. They had responded "well" to the call to "liberate" the homeland. And because of this, Binh Hoa was a thorn in Saigon's side.

Then he tells me what happened on December 5 1966. At dawn a detachment of South Korean mercenaries, men of the crack Green Dragon Division, arrived at the village and herded everyone they could find – 34 old men, women and children – toward a nearby bomb-crater. Then, pushing their victims into the pit, they shot them all.

For the next three days the Koreans kept guard over the crater, preventing anyone from retrieving the corpses for burial, hoping perhaps to lure the Viet Cong out of the surrounding bush. By the time they left the bodies, soaked in mud and water and also mortared by the Koreans, had already begun to decompose. It was decided, therefore, to leave them where they were, to fill the crater and designate it a grave.

At the time Mr Bui was 45 and a farmer. He did not in fact see the killings, but he did see the corpses. They included the remains of five of his own children: four daughters, and a son. One by one he gives me their names: Bui Thi Xiem, Bui Thi Lam, Bui Thi Moc, Bui Thi Xi and Bui Van Duc. With Truc's help I inscribe each in my notebook. Mr Bui watches as I write. Probably he is illiterate, but he doesn't need to be told what I am doing. He says nothing more. Truc whispers in my ear, "You see, he is so moved."

It is now the turn of the other man, Pham Van Cuc. Younger than Bui, he is more alert but equally deferential. He describes a different incident that took place in an adjoining hamlet, An Phuoc, a part of Binh Hoa village.

On December 6 1966 the Green Dragons again arrived at daybreak. On this occasion they surrounded the whole place so that no-one could escape. The inhabitants of An Phuoc, more than 450 of them, were divided into four groups and led off to separate spots. The killings began at 10 am.

Some were shot, some were mortared, some were grenaded. A few of the women were stripped and tortured first. Individual Green Dragons clenched their hands and drove fists into vaginas. Five girls were raped. Then they in turn were shot, mortared or grenaded. Even newborn babies were not spared. But there were seven survivors, who were discovered after the Koreans had left.

> *'The Green Dragons arrived at daybreak. The villagers, more than 450 of them, were divided into groups. The killings began at 10am . . .*

Pham also tells me about a third incident, that took place in Tri Hoa hamlet. Twelve people were rounded up and pushed into a cellar. The Koreans then lobbed hand-grenades at them, killing all.

Overall the number of people slaughtered was 34 plus 456 plus 12, a total of 502, just two less than the official tally at My Lai. Yet the Binh Hoa atrocities were 17 months before My Lai. Why, I ask, have I never heard of them?

A discussion gets under way in an attempt to answer this. The consensus is that because the massacre was perpetrated by Koreans, and not by Americans, it was of little interest to western reporters at the time. Dog eat dog and all that. Yet even so, because the Green Dragons were mercenaries in America's employ, the American military were almost certain to have known about it.

What is interesting about the Green Dragons is that unlike the men under Lieutenant Calley, the senior officer at My Lai, they were not draftees but highly-trained regulars. Their average age was 26, not 19 as at My Lai. They were, if the word has any relevance, professionals.

I am taken on a tour of the massacre sites. There is nothing much to be seen. A shallow declivity, 25ft or so in diameter on the slope of a hill, marks the spot of the bomb-crater turned grave. Above, where there is a conventional war cemetery, paid for by the state, Mr Bui kneels beside another grave which contains the body of the only child of his who wasn't "murdered": a second son, killed in action later, "fighting for our independence".

Then Mr Bui, crying, disappears and we make our way to An Phuoc, the main killing field. But all I can find there is a destitute sterility hanging like a pall over a cluster of miserable leaf-and-bamboo dwellings.

We return to the Binh Hoa committee building at dusk. In my absence a "survivor" has been found. Doan Nghia is in his mid-20's and is blind. He was an An Phuoc baby, just seven months old when the Green Dragons carried out their mission. He was shot, he says, in the back, and left for dead. His father, a Viet Cong, rescued him from the pile of corpses. But there was no saving his eyes: they had taken the partial impact of a grenade and had been caked for several hours in blood and mud.

Time to bid farewell to the committee. Everyone gathers outside. Because it would take too long to shake them all by the hand, I lead Nghia forward a little. My intention is to give him a hug, but before I can do this he suddenly drops his trousers to his ankles and, feeling with his fingers, shows me the scar of a bullet wound in his buttock.

This wound is almost as old as he is and yet he has never seen it – and never will. Thinking about this makes everyone quiet in the Mazda as Sau drives us back to Quang Ngai. But as we enter the city's outskirts, the silence is broken by Hong. Through Truc, he wants to remind me that the Binh Hoa I have visited is in Quang Ngai province. The reason for telling me this is that there is another Binh Hoa in the next province south, Binh Dinh. Hong cannot be sure, but he thinks there was a massacre there as well.

■ A fuller account of the Binh Hoa massacre can be found in *Romancing Vietnam*, written by Justin Wintle, and just published by Viking Books, price £16.95.

MOTORING

Japanese go private

***Stuart Marshall** tests the latest Mazda 121 and Nissan Sunny*

THE TWO latest Japanese cars – the Mazda 121 and Nissan Sunny – are aimed straight at private motorists, not company fleets.

Whereas the first Mazda 121 was a fairly conventional small hatchback, the new one is that rare animal, an exceedingly compact 4-door saloon. After all, not every small car buyer wants a tailgate; some prefer a boot. The Mazda gives buyers the best of both worlds because the rear seat backrest folds partly or completely flat so outsize loads can be carried.

The new Sunny comes in a full range of 3-door and 5-door hatchback, 4-door saloon or 3-door coupe versions, all looking quite different from one another.

At a shade over 12 ft (380cm), the Mazda 121 is almost the same length as a Ford Fiesta but at almost 58 ins high, is six inches taller. So it is no wonder there is masses of headroom – more, in fact, than in many far larger cars – and that the driver has a very good view indeed of the road over its stubby little bonnet.

There is only one model, the GLX. It has a 1.3 litre, 16 valve engine developing 72 horsepower and a 4-speed automatic transmission as standard.

Out of town, the Mazda felt surprisingly vigorous though I thought the transmission was a bit too eager to change down. It jumped from top into second if I wanted quick acceleration from under 40 mph (64 kmh). And at 50 mph (80 kmh), it would often drop into third and hold it up to 65 mph (105 kmh) when top would have been sufficient.

When extended, the engine is noisy. Really, the 121 is at its best at moderate speeds and, of course, in town, where its compactness and easy manoeuvrability make it feel positively nimble. On the move, the steering is pleasantly light. But when I went from lock to lock at almost zero speed to squeeze it into tight parking spaces, I wondered why Mazda had not gone the whole hog and given it power assistance.

To the young and fit, this may seem ridiculous. Although fit but, regrettably, far from young, I was not troubled by the lack of power assistance. But I think many an elderly and possibly frail motorist – and they must be typical 121 buyers – might well be.

They would gladly find the small extra amount (under 5 per cent of the £8,499 list price) that would allow power assistance to be factory fitted as standard. It is worth noting that the similarly sized Daihatsu Charade CX 5-door hatchback offers 3-speed automatic transmission and power steering for £8,355. But in every other respect the 121 is just about ideal. The high roof allows people to sit up properly inside, so rear seat knee and legroom is perfectly adequate for adults. They will also find it easy to enter and leave. Boot and fuel flap open from inside and the steering wheel tilt is adjustable. It also has power-operated front windows and central locking.

■ ■ ■

Britons like the Nissan Sunny. Over the years we have bought well over half a million of them. We shall, I have no doubt, also like the new ones. They go on sale at the beginning of next month and are intended to lock horns with the Ford Escort, VW Golf and Vauxhall Astra.

Last week, I dipped into the range, trying first a 1.4LS 5-door (£10,900), then a 1.6GS 4-door (£12,633) and finally the pretty 1.6 NX Coupe, which costs £15,024. Any lower/medium sector buyer who tried a new Sunny would probably be as impressed as I was by its refinement – equal to that of the class leading upper/medium Nissan Primera – as well as its performance and equipment. What might not go down so well is the price.

An increasingly public row has been going on between Nissan UK, the independent company headed by Octav Botnar which handles all Nissan sales in Britain, and Nissan Motor Company of Japan.

For more than 20 years Nissan UK sold Nissan cars so successfully they became the British buyer's top Japanese choice, with total sales exceeding 1.5m.

When Nissan Motor began making cars at a in northeast England, Nissan UK sold these as well as the Japanese imports. At first the factory assembled Bluebirds; now it makes the Bluebird's successor, the Primera; and next year a Micra replacement will be produced there, too.

A dispute which had been simmering for some time blew up over the prices at which Nissan UK could buy Primeras from the British factory. Nissan UK said they were too high for the car to compete directly with the Vauxhall Cavalier and Peugeot 405.

Nissan Motor would have none of this. Eventually it said it was going to end its distribution arrangement with Nissan UK and set up its own sales network in the British Isles. Nissan UK's reply was to call in the lawyers.

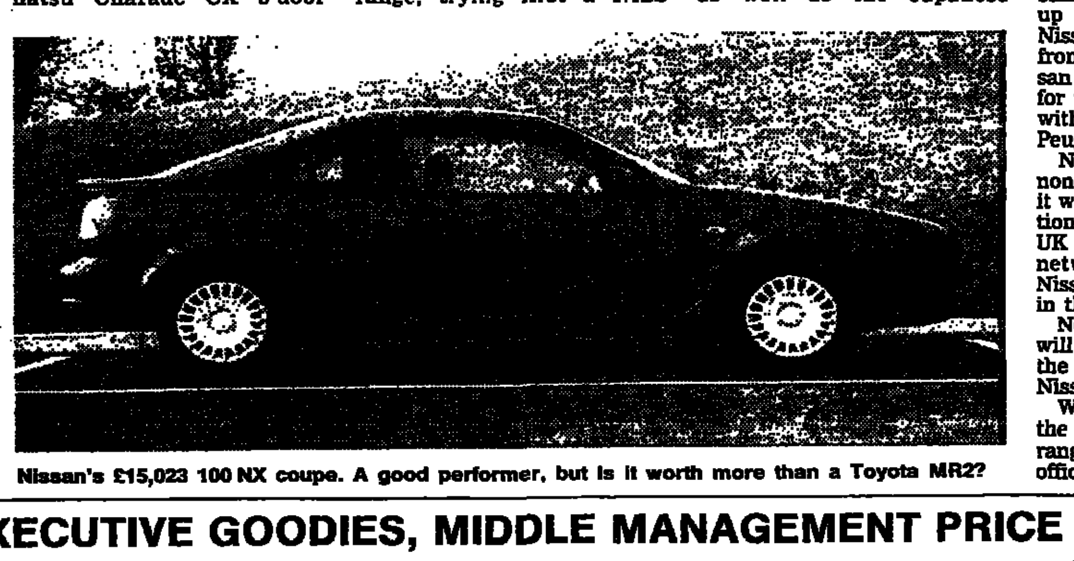
No-one knows how the case will be settled but meantime, the uncertainty is not helping Nissan car sales in the UK.

When Nissan UK announced the prices of the new Sunny range, Nissan Motor issued an official statement calling them "outrageous" and saying they were 15 per cent above the figures it had proposed. According to Nissan Motor, the 1.4 Sunny 3-door, now listed at £9,995, would be priced in the "mid to late £8,000 range" if it had had its own way.

All of which tends to obscure the fact that, even at current prices, the new Sunny models are attractive cars. Some might not think the cheaper ones unrealistically expensive. For example, is £9,995 too much for an Escort-sized 3-door hatchback powered by a silky, 16-valve engine with catalytic converter, 5-speed gearbox with featherlight clutch and power steering?

When you look at a £9,690 Escort 1.4 LX 3-door with a catalyser but a less advanced engine and no power steering, the £9,995 Sunny does not seem quite so expensive.

I cannot say the same, though, of the top of the range 100 NX Coupe, which has the same engine as the 1.6 GS saloon and hatchback (from £12,634) but costs £15,023. That is a few pounds more than a Rover 416GTi 16v 4-door, over £500 more than a Toyota MR2.



Nissan's £15,023 100 NX coupe. A good performer, but is it worth more than a Toyota MR2?

The Mazda 121 1.3i GLX 4-door saloon – not all small-car buyers prefer tailgates to boot lids

EXECUTIVE GOODIES, MIDDLE MANAGEMENT PRICE

THE £19,245 Saab 9000XS 5-door and CDXS 4-door saloon announced this week could be called recession beaters in that they have factory-installed air conditioning and a compact disc player, both unusual in the under £20,000 class.

These 2-litre, 16-valve, 130 horsepower engined cars also have catalytic converters and such executive-class goodies as wood veneered fascias, heated front seats, central locking, powered windows and exterior mirrors and high-level brake lights – but no sunroofs.

Interestingly, Saab is considering offering air conditioning as an alternative to a power-operated sunroof in the other 9000 and luxury CD models at no extra cost.

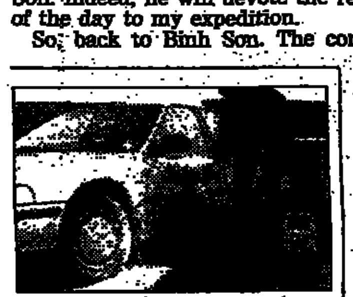
Bryan Hatter, Saab GB managing director, believes that British businessmen now realise that air conditioning makes summer motoring much nicer and crawling in a motorway tailback more tolerable. Sunroofs are not universally popular, among readers of this column at any rate. Many believe they reduce headroom unacceptably and say that few of them can be opened at motorway speeds without causing a lot of disturbance.

Also new from Saab – a 19ft 6in (594 cm) 6-door Coleman-Milne CD limousine conversion said to be the longest of its kind in Europe. It has all the usual limousine necessities such as leather trim, front and rear air conditioning and a power-operated division between chauffeur and rear compartment. It costs from around £40,000 upwards, depending on whether you have the 2.3 litre, 4-cylinder engine turbo charged or not.

At the other end of the price scale, SEAT – Volkswagen's Spanish branch – will soon be introducing face-lifted and more refined versions of its best-selling Ibiza hatchbacks. Eight models, with petrol engines ranging from 900 cc to 1.5 litres capacity, plus a 1.7 litre diesel, will go on sale in the UK late next month.

Prices, currently from £5,699 to £9,151, are unlikely to rise much. Under Volkswagen's control, Seat build-quality has greatly improved. So much so that I thought that the Ibizas I drove in a wind and rainswept Mallorca last week felt rather like a cross between a Polo and a Golf.

S M



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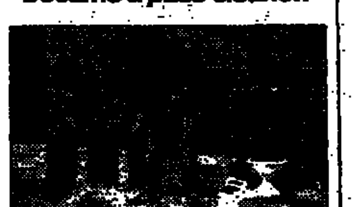

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Petrus and karaoke by Royal warrant

"WHEN YOU think about it," said Chris Brown, youthful managing director of Corney & Barrow's restaurant division, "from hosting lunches that went on till 4.30 to operating an in-house merchant broking room in less than three years is amazing."

He might have added the karaoke and what C&B chairman Malcolm Kimmins calls "pitsers" that are both on offer at their Coates wine bar as even more dramatic evidence of the recent modernisation of the monarch's wine merchant. (C&B have *been Royal Warrantholders since* the reign of George V.)

"Have you tried karaoke?" Kimmins asked me in the drawing room of the Georgian rectory off Old Street that is C&B's headquarters. "No? I borrowed one for Christmas and we ended up playing with it every night. It's more fun . . .! We have karaoke five nights a week at Coates now and we still have queues stretching down London Wall."

It is doubtful that Kimmins, drafted in as chairman of the group four years ago from the whisky business, would be quite so keen to *encourage this Japanese-inspired* exercise in public humiliation in one of the five City of London restaurants and bars that actually carry the Corney & Barrow name, but this nimble juggling of demand and self-interest is typical of the 200-year-old company's current spirit.

Among the dozen or so wine merchants that remained in the City by the late 70s and early 80s, C&B were already distinguished. In spite of satisfying all the membership rules of this particular club – long, port-guessing lunches in the boardroom; a deep-rooted suspicion of non-classic wines; all the right ties and tailors – C&B could boast a well-connected but distinctly outré managing director in one John Armit (then also a founder of Dingwall's and the Zanzibar, both seminal nightspots of their time) and, even more bizarre in this context, a woman who was actually allowed to take the odd decision. I remember meeting John Armit and Susie De *Paolis in C&B's old headquarters in* Old Broad Street, he wearing a school badge that said Vice Captain (ho, ho), she coping heroically with her in-house status as eighth wonder of the world, a woman with glamour and a palate.

In a somewhat acrimonious reshuffle, Armit and De Paolis left the old firm in 1988 to start John Armit Wines, whose list bears a remarkable similarity to that of C&B. Both sport a quiver of top names in Burgundy and most of the most famous names of Bordeaux, including a small allocation of the wine merchant's dream ticket Château Petrus, won for C&B by Armit's assiduous courting of the Bordeaux house of JP Moueix.

Most wine merchants would kiss Kimmins' elegantly shod feet to secure a fraction of what is probably only a very few hundred cases *of this, the most sought-after wine* in the world, shipped to C&B each year. The exact quantity is Corney's best kept secret but the firm could have sold its allocation of Petrus 1989, priced a year ago at £1,150 a dozen but recently bought for

***Jancis Robinson** visits a City institution which moves with the times*

£1,675, three and a half times over.

One manifestation of the new broom of self-discipline of which Kimmins and colleagues are so proud is that directors are no longer allowed to buy Petrus themselves. Another is that in-house lunches are now scheduled to end firmly at 2.15 ("they were too long and we've been happy to be disciplined by the rest of the City") and entertaining in the company's restaurants is frowned upon.

Perhaps most important, Kimmins has imposed rigid financial controls – by no means the norm in a trade still coming to gentlemanly grips *with such notions as* credit control and accountability. The group, which has turnover of £11.3m and is privately owned by about 30 shareholders, has been restructured into its distinct component parts. There is Ernst Gorge Wine Shippers, whose 77-year-old founder earned a useful £420,000 worth of commission on sales of less smart wines to supermarkets *and the like – including 500,000* bottles of Loron beaujolais nouveau – in the year before his retirement last month. Quite how this sits with the official C&B line that "anyone who spends less than £3.50 on a bottle of wine is just wrong," is intriguing.

Then there is West London Wine Shippers, C&B's outpost in Notting Hill (or "Portobello" as C&B would rather have it) a shop two doors away from – John Armit Wines.

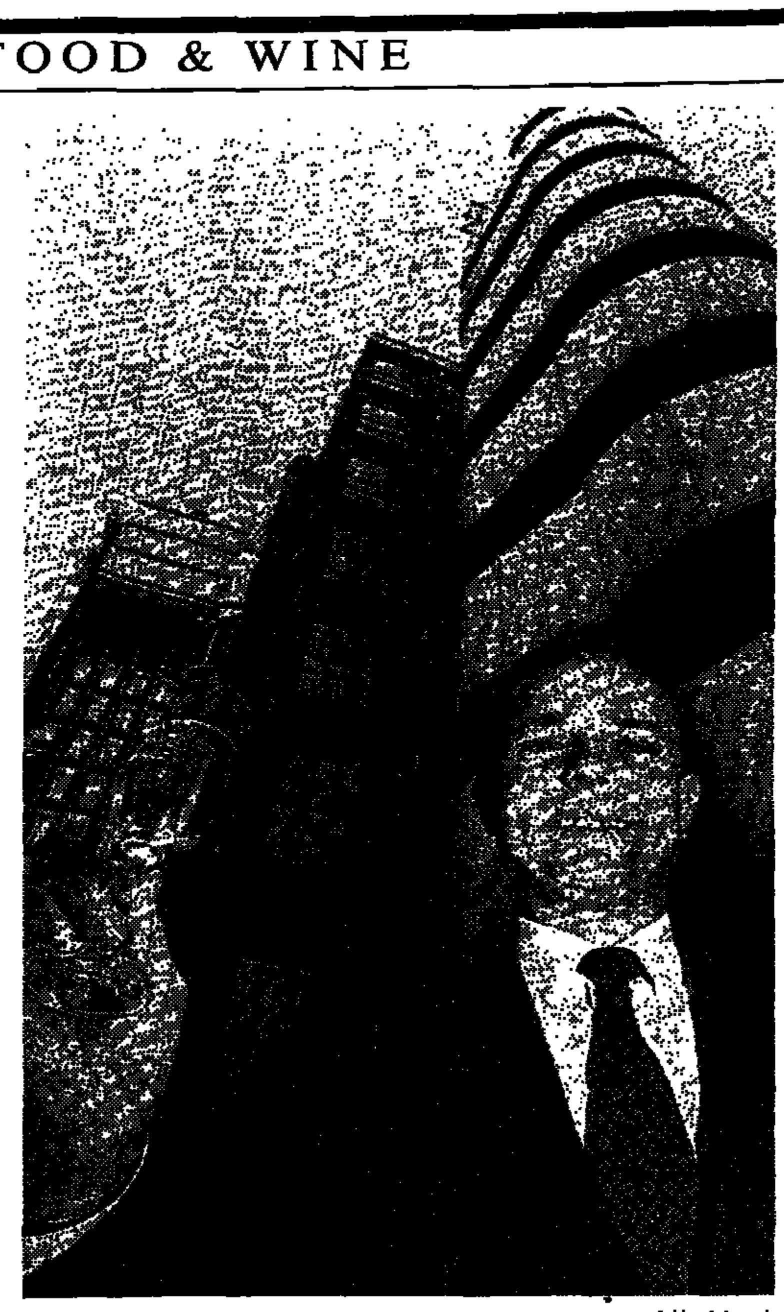
But the most important financial untangling was to establish as separate entities C&B Wine Merchants and C&B Restaurants (turnover in the financial year just ended of £6.4m and £4.1m respectively) The company went eye-catchingly into the restaurant business in the early 80s with sharply designed, pastel shaded watering holes apparently at odds with its image as a venerable *wine merchant* but tailor-made for the emerging City species *homo faxiens* (Nick Stanley, who masterminded this move when MD of C&B, is now a director of . . . John Armit Wines.) The initial point of the restaurants was to generate wine sales for the merchanting business but nowadays they admit it is unlikely that both sides of the business will flourish simultaneously.

Adam Brett-Smith, lanky managing director of the merchanting side is clearly proud of having fulfilled his brief of returning the merchanting side to profit since he was appointed two years ago.

A recent customer questionnaire revealed that C&B were seen as "excellent but expensive". Brett-Smith observes smugly, "I think I can live with that." I pressed him to elaborate on Corney's strengths as a wine merchant. He had much to say about their service levels and special features but, perhaps significantly, little about the wines themselves.

The company's pride and joy at the moment is "the bunker", a basement cell where Mark Bedini runs C&B's fine wine broking division, started 18 months ago and now trading over £1m worth of their *customers' wine, without the involve*ment of the auction houses or London's hungry fine wine traders.

Chris Brown, also 34, has had more of a struggle to balance the books recently, which will come as no great surprise to anyone in either the restaurant business or the City. The redevelopment of a nearby office block can make an immediately calculable difference to *takings. The fortunes of C&B res*taurants fluctuate almost directly with those of the City, although even now an average of 36 bottles of champagne a day are sold at the bar overlooking the Broadgate ice rink



Ashley Ashwood

Chris Brown, managing director of Corney & Barrow restaurants, which has a champagne bar in the Lloyd's building

– and jeroboams are kept permanently on ice in anticipation of any unexpectedly good figures.

Ex-Savoy and no-nonsense, Brown epitomises the meritocracy he claims to cater for, serving them a three course lunch within the hour if requested. "Modern communications are terribly important. Our sort of customers don't want to hide away in dark, sawdust-covered wine bars. They need to keep themselves informed."

Their newest venture, a cham*pagne bar at Lloyd's won from nine* other tenderers, has all sorts of umbilical cords to its financial mother: PBX direct line and special Lloyd's paging system, as well as "specially designed slip case storage for brokers' papers" and the usual high-tech panoply of satellite televisions, video and fax facilities and *phone systems.*

But doesn't everyone drink water at lunchtime now? I asked, mindful of the diluting of profitability. "That's certainly increasing, and true particularly of the American firms, but they seem to make up for it in the evening," smiled Brown. "We're open for drinks in the evenings until the last customer bids us farewell – and that's often 11."

■ *Corney & Barrow Wine Merchants, 12 Helmet Row, London EC2 071-251-4051. Bars and restaurants at Lloyd's, Broadgate, Cannon Street, Old Broad Street, Moorgate and London Wall (for karaoke).*

The best of the west

Nicholas Lander dines well in Devon and Cornwall

ENGLAND'S WEST Country has such a strong association with enjoyable holidays that the pretext of an early Easter was all the excuse necessary for a few days excursion in late January.

Gastronomically, there was a price to pay as some of the better-known restaurants were closed for their holidays: the Carved Angel in Dartmouth (0803-832465), Food for Thought in Fowey (072-683-2221) and the Seafood Restaurant in Padstow (0841-532485), although all three were due to re-open by now.

There were, however, advantages to being there out of season. One could watch a lonely fishing boat battling out to sea without being mowed down by a herd of caravans; the lovely Cornish accent came over loud and clear across the cobbled stones; and the steep paths down to the picturesque fishing villages, such as Clovelly and Polperro, were for once deserted.

Over the restaurants of the area two benign influences are at play. The first, and more long term, has been that of George Perry-Smith, originally proprietor of the Hole-in-the-Wall in Bath and then the Riverside in Helford, Cornwall, who encouraged the revival of good British cooking. The second, on the wine side, is the presence of Bill Baker from Reid Wines, who has apparently appropriated many of the better hotel and restaurant wine lists as his own domain.

As in so many parts of the country it is possible to recommend more places that cost £100 for two than £30, and it would be wise to remember some of the better pubs when travelling into and around the West Country. On the Somerset/Devon border there is the Royal Oak at Withypool (064-383506), in Devon itself the Masons Arms at Knowstone *(039-84231) and at Dod*discombleigh the wine-besotted Nobody Inn (0647-52394) among many others.

These all offer reasonably priced rooms, from £25 to £50 a night, a selection of excellent beers, good pub and restaurant food and a slice of history – the Masons Arms dates back to the 13th century, the Nobody Inn to the 16th. There are *also extras. At the Royal Oak they* can arrange all kinds of vigorous country pursuits; at the Nobody Inn there is a 700-bin wine list and a choice of 220 whiskies to lull you into doing very little.

Devon also has a number of country house hotels and during my stay two in particular impressed: Whitechapel Manor at South Molton, North Devon (07695-3377, fax 07695-3797) and to the south, Gidleigh Park (0647-432367, fax 0647-432574) in Chagford.

Whitechapel Manor belongs to John and Patricia Shapland who until four years ago were dairy farmers; they still maintain that the hotel business, and in particular its unpredictability, is a harder task-mistress than a herd of 60 cattle. They fell in love with the former Elizabethan manor house and have converted it with simple good taste into a 10-room hotel which *boasts a Jacobean carved oak* screen and sloping bedroom floors.

They had been open for no more than two weeks when their chef walked out and good fortune walked in. Their young "sous-chef" Thierry Lepertre-Granet took over and has gone from strength to strength, producing short innovative menus that are so tempting that choice becomes difficult.

First courses included sauteed turbot coated with spices and a *Jerusalem artichoke puree* or a vegetable bouillon flavoured with saffron and served with dover sole and vermicelli; among the main courses noisettes of venison with a balsamic vinegar sauce was delicious. Desserts were as good including a traditional French apple tart with caramel ice-cream while the breakfast was the best of the stay. Rooms range from £90 to £165, dinner is £34.50 for four courses.

At Gidleigh Park prices range from £200 per night which includes *the room, dinner, breakfast, service* and VAT.The natural beauty of the setting now that all the major renovations, especially the water garden, are complete is striking. As I sat on a balcony in the late afternoon only the large plate of Devon clotted cream that came with the scones stopped me from thinking I was in the foothills of the Alps.

Furthermore, while the wine list *is extraordinary and Shaun Hill's* cooking stimulating, what is unique about eating here is to be able to enjoy the combination of the two – a fact sadly beyond the comprehension of the Michelin inspectors. A half bottle of the rare Clos St Hune Riesling 1976 came alive with our two first courses, sauteed scallops with lentils and coriander and a fillet of sea bass with Chinese spices. Paul Henderson's policy of encouraging guests to trade up his wine list through a deliberate pricing policy should be copied more widely.

Another reason for calling at Gidleigh is to take advantage of Henderson's knowledge of, and passion for, food and wine. An hotelier *since 1977 and before that a man*agement consultant with McKinsey, he has, it seems, gastronomic spies everywhere and no sooner had we enquired about where to have lunch the following day than he had booked us a table at Pophams in Winkleigh (0837-83767).

Winkleigh is a small village and Pophams acts as its corner shop, coffee bar, cafe and, in true village *tradition, repository of all the local* gossip. It is tiny. Two sets of two chairs along the side walls and a small table which can seat six at a pinch in the middle. This small eaterie is open from 9am-3pm, Monday to Saturday. Behind a small, immaculately clean,kitchen stove Melvyn cooks, while Dennis serves.

Almost everything is made on the premises and the quality and *quantity are fantastic. Delicious* thick carrot soup, a well made meat loaf with chutney and salad, the very finest sticky toffee pudding with yet more clotted cream. That morning they had made a steak and kidney pudding which no-one had ordered until I arrived. When I did they placed the whole pudding, enough for six, in front of me and told me to help myself.

I took their card, partly to order their Devon clotted cream by post, partly to remind myself that five of us could eat so well and so copiously in this country for £35.

Cookery

All at sea to keep my Jack Tar jolly

I HAVE NEVER quite understood why sailors cannot speak as the rest of us do, saying left when they mean left and right when they mean right. My husband *once said he would* explain it and took me on a sailing holiday in order to do so.

The Caribbean would have been nice but we went to the Norfolk Broads. The calendar said April but it was January weather. The wind blew, which is something sailors favour, apparently, and chill rain fell more or less non-stop, which was not so nice, as my captain agreed.

On deck the boom was a major hazard and between ropes and sheets I was mightily confused. I found it hard to sleep below. Our twin beds, draped in sheets not *ropes*, were as narrow as coffins, unkissably far apart at the pillow ends and just touching at their tapering feet. Surrounded by the soup-slurping sound of water, I felt as though I was being buried at sea.

The only thing that kept me going was busying myself in the kitchen, though jolly Jack Tar objected to me calling it that. He was right. It was far too basic to permit much in the way of cooking.

Only the simplest things were possible so I devoted myself to brewing up hot water bottles, soup and toasted sandwiches.

Oh, how soothing they were, *what homely manna those savoury* bacon butties and mugs of comfortingly thick soup. I reckon the warmth and solace of them saved my life – and probably our marriage.

WHITE ONION, POTATO & WATERCRESS SOUP WITH BACON TOASTIES

Creamy pale and delicately oniony, the complete opposite of French *onion soup, this is good enough* – almost – to tempt me back on to a boat.

In refined circles it might be thought preferable to omit the bulging bacon toasties and to garnish the soup instead with croutons of fried bread and snippets of crisply-fried bacon. That would be missing the point of the dish. The toasties are intrinsic to the recipe, which is *intended not as a dinner party pre*face but to sustain hungry sailors and landlubbers alike for Saturday lunch or Sunday supper.

To make enough to fill six bowls generously chop ¾ lb onions very finely. (In a proper kitchen I whizz them in a food processor.)

Put them into a soup pan with 2 to 3 oz of melted butter and 1 lb of good floury potatoes cut into dice. *Stir them around.*

Season generously with salt and pepper and add a bouquet of parsley and bay with several good sprigs of thyme or better still serpolet. Pour on 2 pt of creamy milk and bring to simmering point, stirring.

Cook with the lid askew over a gentle flame, stirring occasionally, until the vegetables are perfectly tender. Then pass the contents of *the pan through* a mouli-legumes (or whizz them in a food processor) to make a creamily smooth puree.

Strip the leaves from 1 large or 2 small bunches of watercress and chop them. Stir into the soup. Reheat gently and check seasoning.

For the toasties, which should be prepared while reheating the soup, grill or fry about 1¼ dozen rashers of streaky bacon until the fat is *frazzled* and crisp, and toast 6 x 1 inch thick doorsteps of bread.

Cut the crust off one end of each slab of toast and make a slit in the crumb revealed by the removal of the crust. Insert a knife and move it around to make a pitta-like pocket.

Post a trio of rashers and a spoonful of the melted bacon fat into each pocket, and serve while the toasties are still warm.

HOTPOT OF LAMB WITH PRUNES

Here is another comforting dish in which potatoes play an important role, this time in the guise of roofing, a thick thatch of them keeping the meat sealed in the pot.

Dishes like this used to be assembled on market day morning, placed in a very slow oven and left to hubble-bubble quietly all day while the *cook was out*. This version is speeded up with an initial blast of high heat but the end result is the same: sliced potatoes soaked in gravy and meat so tender that it falls clean from the bone.

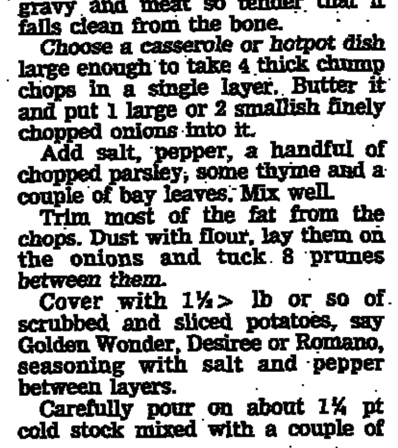
Choose a casserole or hotpot dish large enough to take 4 thick chump chops in a single layer. Butter it and put 1 large or 2 smallish finely chopped onions into it.

Add salt, pepper, a handful of chopped parsley, some thyme and a couple of bay leaves. Mix well.

Trim most of the fat from the chops. Dust with flour, lay them on the onions and tuck 8 prunes *between them.*

Cover with 1½> lb or so of scrubbed and sliced potatoes, say Golden Wonder, Desiree or Romano, seasoning with salt and pepper between layers.

Carefully pour on about 1¼ pt cold stock mixed with a couple of



teaspoonfuls of vinegar – the liquid should not cover the potatoes. Dot with flakes of butter or dribble with the melted lamb fat.

Cover and cook for 30 minutes at 200 C (400 F) gas mark 6, then for 1½ hours at 160 C (325 F) gas mark 3. Finally, remove the lid and let the hotpot cook for a further 30 minutes.

ANGLESEY EGGS

The soothing marriage of potatoes and the onion family features once more here, but as this dish comes from Wales it is leeks that are used. Just the recipe for a belated celebration of St David's day

To serve 3 to 4, clean and slice 6 large leeks, and peel 1 lb of floury potatoes. Maris Piper is not high on *flavour but it will do quite* well for this dish. Boil the two vegetables in separate pans.

Drain the cooked leeks and whizz them in a food processor with 2 oz butter. Crush the cooked potatoes with a potato masher. Season them generously and beat in the buttery green puree of leeks.

Make a smooth sauce with 1 oz butter, 1 tablespoon flour and ½ pt creamy milk. *Let* it simmer for 10 minutes then season well with salt, pepper, nutmeg and 2 oz Cheddar.

Spoon the vegetable puree into a ring in a baking dish. Pile 6 hard-boiled and quartered eggs into the centre and pour the sauce over them. Grate 1 oz or so of Cheddar over the top and bake at 200 C (400 F) gas mark 6 until bubbling hot.

■ Whenever I mention seakale, *that* delicious old-fashioned vegetable, I am inundated by letters asking where to buy it. This year, for the first time, selected branches of Waitrose are selling it. Addicts should make the most of it while they can – the season is expected to end at Easter.

Philippa Davenport

The undiluted spirit of Scotch

***James Buxton** meets the man who wants real whisky*

I HAD not come in search of the holy grail of Scotch whisky. It had not even occurred to me that such a thing existed. But I now realise that I found it when I went to Leith, the port of Edinburgh, the other day.

It's all a question of purity. The connoisseur of whisky knows that when you ask the barman unspecifically for a Scotch you get blended whisky: a mass-produced drink made in big industrial distilleries out of fermented grain (usually maize) married with dashes of dozens of malt whiskies. These malt whiskies come from those 109 picturesque rural distilleries dotted all over Scotland and are made from malted barley.

These days the cognoscenti tend to bypass blended whisky and head for the single malt whisky itself: the unique, unblended product of the individual malt distillery such as Glenmorangie or Glenfarclas and many others. Whereas blended whisky needs to mature for a brief three years, a single malt must lie in its cask for at least ten.

You might think that a bottle of malt whisky is as close as one can get to the real thing. But it is not. Malt whisky when it comes off the still is around 110° proof or 60 per *cent alcohol. To make it more palat*able it is diluted with water at the bottling plant after it has matured, to give it an alcohol content of a little over 40 per cent.

The epicure does not object to dilution in principle; it's just that the dilution process involves putting the whisky through chill filtration (taking it down to a temperature of 4 degrees Celsius) to avoid it becoming slightly cloudy when *water is added. But chill filtration* can, some contend, alter the character of the whisky. They still want to get at the real thing.

That can be found in Leith at the Scotch Malt Whisky Society, housed in The Vaults, a 17th century building that also contains the Vintners Room restaurant. The Society buys casks of whisky from individual distilleries, cutting out the filtering and dilution processes. It bottles the whisky and sells it to its 12,000 members, mostly by mail order. The members will nose or sip the whisky at its full strength and then add water. But that is different from industrial dilution.

The Scotch Malt Whisky Society is a cross between CAMRA, the Campaign for Real Ale, and the Wine Society. It was founded nearly a decade ago by Pip Hills, a wiry, faintly angry Edinburgh man who was entranced by the strong, dark whisky he used to be given by an Aberdeenshire farmer. He discovered it came from straight from the cask at a distillery over the hills in Speyside.

Rather like CAMRA, Hills saw the search for real whisky as strip*ping off the layer of kitsch* and homogeneity that has been created over the years for blended whisky. He says that even now only about half Scotland's malt distilleries market a single malt, and contends that many only began producing them in response to consumer demand rather than on their own initiative.

For a time Hills met incomprehension and even resistance from distilleries when he tried to purchase single casks of their maturing malts, afraid that he might create a market outside their control. They were perplexed that, knowing every cask has its own particular taste, he insisted on selecting individual casks. The whisky maker creates his malt whisky by mixing the contents of several casks to achieve uniformity.

Now however the Society has a reasonably happy modus vivendi with the distilleries. Some 90 of the 109 malt distilleries supply it with casks, held in bond until it is time for bottling, carried out by Invergordon Distillers in Leith. The main problem, Hills says, is getting enough whisky to satisfy growing demand.

Like the Wine Society the Scotch Malt Whisky Society offers its whiskies under a uniform label design.

In order to avoid any suggestion of being in competition with the distillers, and to make it more fun, it does not name the distilleries from which the whisky comes.

Instead each has a code number, with a decimal to designate the exact cask number. The description in the catalogue contains a concealed identification of the whisky, concocted by merry little committees of laymen and specialists at tasting sessions. Thus a 23-year-old bottle of The Glenlivet, costing £35 or £40, depending on the cask, (Limousin oak or former sherry cask) carries the following clues in the latest catalogue:

"One of the great Speysides; the distillery founded by George and J.G. Smith; bearer of the definite article." The whisky connoisseur will be able to identify it from one of several guides to distilleries. The description continues: "like Miss Brodie, complex, difficult and rewarding. Not for novices. Members please be responsible: don't buy just because you can afford it, but only if you are reasonably experienced."

Not all whiskies are so demanding and most prices are between £20 and £30, as the society is deliberately run on a low profit basis. Jimmy Allen, who presides over the Society's attractive rooms at The Vaults, done up like a good club, says that 12 years is usually the best age for a whisky: "after that it may improve, it may deteriorate."

Lest you should be tempted to drink a cask strength malt whisky neat he warns: "If it shudders on the way down you're not going to enjoy it." It should take you 25 minutes to drink a glass of malt whisky.

I sipped gingerly and inexpertly at the holy grail of whisky, feebly aware that idiotically I *had come by* car and knowing from dismal observation of my peers that *FT* people are nowadays supposed only to drink Perrier (or Highland Spring in Scotland). But members of the society can take part *in its many tast*ings in different cities of Britain, including London, or visit the Vaults itself, and maybe toss a *bon mot* into the next catalogue.

■ *The Scotch Malt Whisky Society, The Vaults, 87 Giles Street, Leith, Edinburgh EH6 6BZ. Tel 031-554-3452. Membership costs an initial £40 including an introductory bottle of whisky. Annual subscription is £7.50.*

هكذا من الأصل

Toile de Jouy, a favourite with Napoleon, is back in vogue, writes **Lucia van der Post**

Revolutionary designs reborn

IN FURNISHING, as in fashion, there are moods and swings. One year stripes are hotly desired; the next those who bought them are irrevocably stuck with them while everybody else is free to look elsewhere for their decorative effects. So it is with Toile de Jouy. In the 50s and 60s it was, like the Regency stripe, "terminally overdone" as one decorative expert put it, but its innate charms have ensured that it could not stay out of fashion forever. The past few years has seen a revival of interest in these beautiful designs and anybody interested in them will now find that there is plenty to choose from.

Toiles de Jouy in the strictest sense are simply cotton fabrics from Jouy, near Versailles, but the name came to be attached to cotton or linen printed on fine pear wood and later on copper plates that gave to the designs the exceptional subtlety and clarity of line.

It is nearly 150 years since fabrics were last printed in Jouy but the name lingers on, evoking images of soft madder pinks on cream, gentle, detailed floral motifs or pastoral scenes. Though nowadays we associate Toile de Jouy with one colour printed on cream or white several of the original designs were in fact multi-coloured.

These days Toile de Jouy has a rather high-flown profile, with overtones of Gallic chic, antiquity and aristocratic patronage but it started life as a poor man's substitute for richer, more exotic fabrics. During the French Revolution they became hugely popular, having the sort of revolution-cred that was essential to survival.

There's a marvellous version in the Musée de Carnavallet in Paris, ablaze with revolutionary themes – all raised fists and Liberté, Fraternité, Egalité. Later Napoleon travelled with his campaign tent swathed in it and designs expanded from the pastoral scenes or floral motifs to embrace classical motifs and historical events like balloon flights and the American War of Independence.

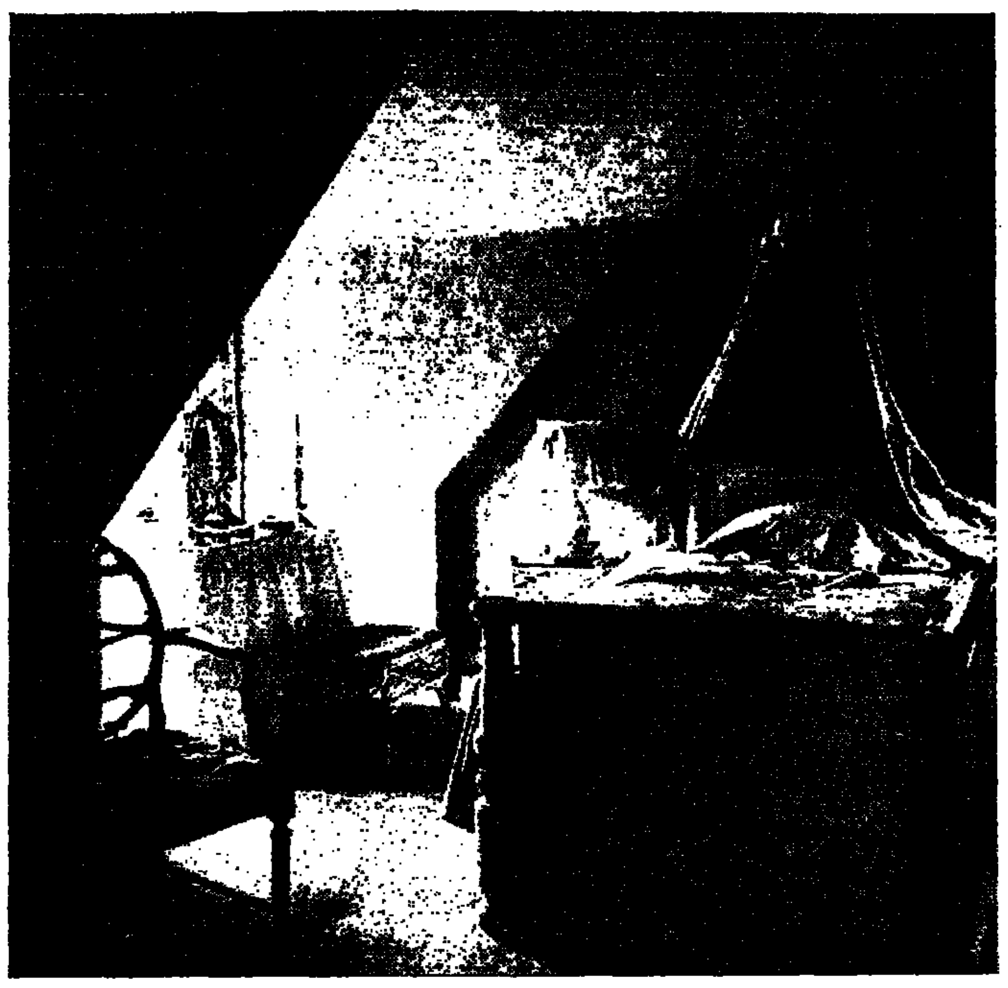
Today there is a huge revival of interest in Toile de Jouy. Many of the versions on the market are screen-printed which, while still giving a good decorative fabric, is infinitely inferior to the copper-roller printed original. If you are ever able to look at the two different versions side by side you can immediately see the difference.

In copper roller printing the design is engraved on to the rollers (these designs used to take at least six months to do) and give an extraordinary depth and vitality to the design. As one expert put it "you can see the blush on the cheek of the shepherdesses".

Screen-printing notably lacks the depth and finesse but, for a lower price, does offer something of the same decorative qualities.

Many famous decorators have used Toile de Jouy. John Fowler of Colefax & Fowler loved it and liked using it *en masse* as in the bedroom in Hambleden Manor *(pictured top right)*, where he put it on the walls and on the bed as well as hanging it as curtains.

The most authentic toiles are by Burger of Paris, which still prints by copper roller, and are distributed in the UK by Percheron. There is a whole range of classic narrative scenes, ranging from naval scenes, as in Fête Navale, to the splendidly revolutionary La Bastille and the gently pastoral Fragonard, all at about £34 a metre.



A bedroom at Hambleden Manor by John Fowler of Colefax & Fowler fame, showing an effective, archetypal use of Toile de Jouy massing it on bedcovers, on walls and at the window

The Design Archives, which revives and slightly reworks some of the finest of the designs in the historic Courtaulds archive collection, currently has three toile designs. The newest, Liaison, *(pictured below right)* is printed on newly engraved copper rollers but the design is based on an authentic 1760-70 one printed by Oberkampf, the great textile company based in Jouy-en-Josas. In four colours, including the traditional, green, blue, red and a charcoal, chocolate brown it sells for about £30 a metre.

The other two, Amadeus and Harvest, are screen-printed and sell at £24 and £21 per metre respectively. Burger and The Design Archives fabrics are available from good interior decorators.

Come the autumn there should be even greater choice. Jameson Design of 23 Elystan Street, London SW3 is working on some designs of its own and Colefax & Fowler already has a design well in train.

Authentic antique Toiles de Jouy, either in the form of old, used curtains or bedspreads, cushion covers or simply some odd pieces can be found at a small shop run by Christopher Moore, an ex-ballet dancer, called The Lacy Gallery, at 38 Ledbury Road, London W11.

There's now an English version of a beautifully illustrated and learned tome on the subject by a Frenchwoman, Josette Brédif, *Classic Printed Textiles from France, 1760-1843, Toiles de Jouy*, published by Thames & Hudson, £38.

La Dame Du Lac, £28 a metre; copper roller printed by Lauer of Paris, distributed in Britain by Percheron. Available from good interior decorators and designers

Liaisons, a copper roller printed Toile de Jouy by The Design Archives from a 1760-1770 design. It has been adapted to suit modern repeats and at 137 cms is wider than the traditional 80 or 90 cms.
It comes in traditional green, blue, red or charcoal/chocolate brown on cream and costs £30 a metre from good interior decorators

What's in a name?

DROOPY & BROWNS isn't the most beguiling of names for a company but its four shops, in Edinburgh, Bath, York and London, seem to have carved out a special niche in ravishing balldresses for the young and wedding-dresses for brides.

They are not cheap but they seem to bridge that yawning gap between designer names which cost the earth and chain-store numbers which don't have quite the individuality the Droopy & Browns customer seems to want.

Everything the shops do is designed by Angela Holmes and though she is best-known for the ballgowns and wedding-dresses there is also a range of daywear, including suits, hats and anything else the well-dressed young woman might be looking for.

There are some 50 different designs in the bridal range, including the one photographed here, which can be made of Thai or wild silk, taffeta or duchesse satin. All are made to order so any design can be made more personal. Called Butterfly because of its overtones of Oriental wrapping and swatching, it sells for about £1,900, depending on fabric. It is teamed here with Emma Hope shoes.

Droopy & Browns is at 37-39 Frederick Street, Edinburgh; 5 New Bond Street, Bath; 21 Stonegate, York; and 99 St Martin's Lane, London WC2.

'Butterfly' wedding dress from Droopy & Browns: about £1,900

■ When I first discovered David Rose and his costume jewellery repair service he seemed like manna from Heaven and clearly many readers thought likewise as they took their broken beads, their busted clasps, their malfunctioning bracelets to be mended in his workshop in Clerkenwell, London.

Anybody wondering where he has gone to and who will tend their much-loved, if inexpensive, pieces might like to know that he has moved to a new workshop in Ilford. Do not worry if Ilford isn't on your regular beat – David Rose runs an efficient mail order service and for £2.95 will return the mended pieces by registered post.

He supplies estimates in advance and will do his best to mend anything from a pair of cheap and cheerful ear-rings to your most precious pearls. His new address is PO Box 111, Ilford, Essex, IG5 OQY.

Jewellery in a good cause: Ciro's dove brooch and tie tack

■ If you buy a Ciro dove brooch you do more than buy just another bauble – for every brooch you buy, £9.30, which represents the total profit, goes to Tom King's Gulf Trust, a fund established to aid our forces in the Gulf and their families. The war may be all but over, the forces soon coming home, but for some families life will never be the same.

The dove is heavily plated in 18 carat gold, hand-polished and finished in white enamel, set with Ciro imitation diamonds and sells for a total of £25. Alternatively you could buy a tie tack, also hand-polished and heavily plated in 18 carat gold, for £10, on which the total profit of £4.25 goes to the Gulf Trust. Or . . . you could always just send a cheque to the Gulf Trust, c/o the Ministry of Defence, Whitehall, London SW1 2HB.

■ The Alton Gallery at 72 Church Road, Barnes, London SW13 has always been one of my favourite sources of relatively inexpensive original works of art. It doesn't go in for the avant-garde but always has a good collection of 20th century British art of all sorts. For one day only, Saturday March 9, it is holding an auction at a nearby restaurant – Sonny's Restaurant at number 94 Church Road. Pictures are already on view, estimates range from £50 to £1,200 but most should sell for between £100 and £200. There are watercolours, oils, pastels, mixed media as well as pencil drawings. The auction starts at 11.30 and goes on to 1.30.

■ Wastepaper bins do not loom large on the list of life's necessities but as most of us need them it seems more agreeable to buy ones that look good. However, this is easier said than organised – baskets always look attractive but don't fit in with every room or house.

Cubbins & Co will paint or decorate bins to order, whether you want something plain or geometric, a clever piece of trompe l'oeil or just a bin to match a special colour-scheme. I like best the straight-edged painted or lacquered bins, but there is a nice one with a scalloped edge, silk-lined (but protected by special treatment) and painted. There is always a considerable stock of bins to buy. Prices start at £95. Write to Cubbins & Co., Rampisham Manor, Dorchester, Dorset DT2 OPT. Tel: 0935-83060.

L v d P

A glimpse of the future in Chelsea

IN THE world of interior design there seems a general consensus that the long reign of the shabby, gentle countrified look is over – except, of course, for those from whom the interior designers copied it in the first place.

The owners of smart London houses, small flats and apartments, Victorian villas and Edwardian semis seem to be feeling their way to a look that does not depend on ruched blinds, flowery chintz and frills but wondering what, if anything, are the alternatives.

Back in January I predicted that 90s living would be simpler, that there seemed a desire for strong, simple country furniture, for folk art, for fabrics like cottons and ginghams instead of sumptuous silks and satins. I also detect a turn towards the ethnic, with strong, almost primitive shapes and colours forming a steady influence in some collections.

Anybody longing to know what is happening in the thoughts of our leading interior designers and decorators might like to join in Chelsea Design Week on March 8-9 when 25 companies involved in interior design will be holding open house in their showrooms.

The companies vary from lighting experts such as John Cullen Lighting and Christopher Wray to furniture makers Soho Design, Simon Horn, George Smith and Kingcome Sofas and fabric manufacturers Pallu & Lake, Osborne & Little, Noblis-Fontan and the newer Hodsoll McKenzie Cloths with its soft, subtle tones.

All the companies are launching new season's ranges so it is a marvellous chance to see complete ranges in their proper settings. Colefax & Fowler has launched a collection of wallpapers taken from 19th century documents from the archives of the Musée des Arts Decoratifs in Paris. Though, in my view, age is no guarantee of quality and simply taking something from an archive doesn't ensure desirability, these papers are lovely – enormous care was taken to get the colours right so that the brilliant deep blue of "Damas Galant", the soft slightly blurred design of "Petit Trefle", the rich yellow of "Damas Trianon" make for desirable papers. Not cheap – they range from about £20-£24 a roll – they can be seen and bought at Colefax and Fowler, 39 Brook Street, London W1.

"Green-ness", as Caroline Clifton-Mogg points out in her introduction to the official booklet for Chelsea Design Week, is beginning to reach interior design. This chiefly takes the form of commitments about the timbers used. Peter Leonard of Soho Design uses a cherry veneer combined with machined steel for his Cubist Collection. Simon Horn uses cherrywood for some of his classically-inspired French beds.

Chelsea Design Week is aimed primarily at the trade and, of course, involves only companies that could loosely be described as being in the Chelsea area, though happily this does include many important operators. However, on March 8-9 the public are welcome – free. Go to the showroom of any of the participating companies – a full list and any other information can be elicited from Pelicans Public Relations, The Basement, 4 Charlwood Place, London SW1V 2 LU or by ringing the Chelsea Design Week helpline on 071-233-5971. Minibuses circulate regularly so you can easily hitch a ride to the next showroom. It is a marvellous chance to cover a lot of ground and see a great deal.

The World of Interiors is also sponsoring three lectures. On Tuesday, March 5 Imogen Taylor of Colefax & Fowler will talk about "Colefax & Fowler through the Decades". On March 6, Tricia Guild of Designers' Guild talks on "A Celebration of Colour" and on March 7 Nina Campbell talks about "A Decorative Life." Lectures are at the Chelsea Harbour Rooms, Chelsea Garden Market, Chelsea Harbour, London SW10 at 6.30 pm and cost £15 each or £40 for the three; tickets from Pelicans PR.

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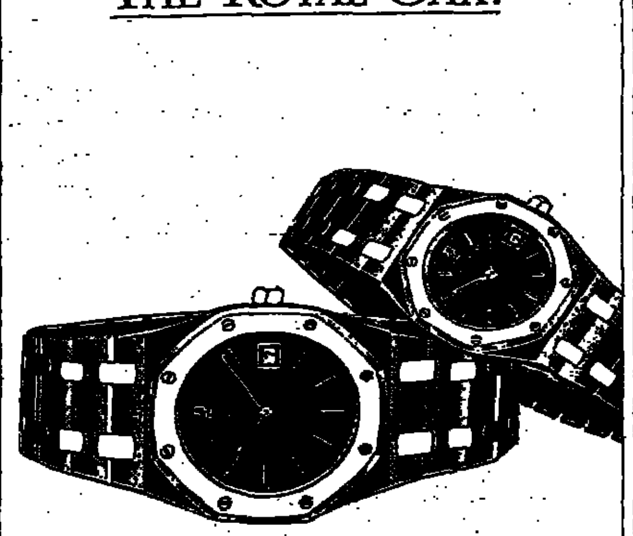

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Maastricht makes the most of new blood

***Susan Moore** finds a subtle realignment and a confident outlook at this year's European Fine Art Fair*

THIS YEAR'S European Fine Art Fair at Maastricht, Holland, say its organisers, is bigger and better than ever. More space, more stands, fresh faces – and half-price air tickets from Sabena.

Of the 138 dealers from 10 countries exhibiting, 38 are making their debut. New blood may bring a new clientele to the fair, and a wider variety of works of art, but freshness – in the case of dealers rather than their stock – is not necessarily preferable to the familiar. Four major London picture dealers have pulled out: Artemis, Colnaghi, Harari & Johns and Richard Green, as has New York Old Master dealer Richard L. Feigen. The projected BADA stand has also been cancelled.

What we will find as a result of this particular blood transfusion is a subtle realignment; a wider continental base – with many new exhibitors from Germany, and the strongest ever French presence – and an expanded Textura section.

Exhibitors appear to be confident, expecting, as Johnny van Haeften, the fair co-chairman, put it: "business as usual". Their confidence is based on the continuing buoyancy of the market in Northern Europe, particularly in Germany and Holland, and to a lesser extent Belgium – the source of some 85 per cent of the fair's 25,000 or so visitors. Moreover, the Old Master market also appears to be thriving; Impressionist and modern art has never been a major part of the fair's business.

That said, a handful of modern pictures are among the most interesting – and certainly the most costly – of the paintings on show this year. Los Angeles dealer Joseph M.P. Guttmann consigns a Modigliani portrait of Madame Madou of 1917 with a price tag of $7m. Amsterdam's Collectie Drs. Loek Brons offers one of Magritte's largest works, *Le Sens des réalités*, for $5m, and London's Odette Gilbert Gallery, exhibiting for the first time, presents a Lucian Freud head in profile of 1981 for £450,000.

Dutch and Flemish Old Masters, however, are the staple of Maastricht. It is a coals-to-Newcastle congregation that for eight days offers the best selection in the world, with prices across the board.

Of particular note is a rich, recently rediscovered oil on copper wooded landscape by Jan Brueghel the Elder – "Velvet" Brueghel – which was acquired from a Brazilian collector by Newhouse Galleries Inc. of New York and Verner Amell of London.

It is an unusually large for a work on copper, 52cm by 72cm, is dated 1610, and bears the mark of the coppersmith Pieter Staes. Until recently, the landscape was known only through a less accomplished copy by Jan Brueghel the Younger. The price: $3.8m.

K.J. Müllenmeister of Solingen also claims a combination oil on copper by "Velvet" Brueghel and Hendrik van Balen, an only slightly smaller *Meeting of Jacob and Laban* of around 1620 (and a much more modest DM 850,000). The firm also brings a sylvan oil on panel of the Garden of Eden, signed R. Savery and monogrammed G.D.H. Hans Bol idealises the Antwerp landscape instead, in a 1591 tempera on parchment laid down on panel, signed in gold (Haboldt & Co).

Still-lifes abound, tables groaning with shellfish, fruits and flowers, silver pots, ceramics, glass, rumpled linen – in fact any surface' texture or colour that attests to the technical virtuosity of the painter. Jean-Max Tassel of Paris presents the impressive and fascinating *Clearing the Banquet*, perhaps the most Caravaggesque canvas by Sebastien Stoskopff.

An honorary Flemish still-life is a version of Chardin's *Still-life with a joint of Lamb*, another Tassel offering. Signed and dated 1730, it is one of a group of modest kitchen still lifes that witness the artist's delight in contrasting hard, gleaming bronze with soft terracotta, brittle basketwork and the textures of nobbly vegetables and raw meat.

Munich works-of-art dealer Konrad Bernheimer describes Maastricht as "the most beautiful international fair on the Continent, and the best truly international fair in Europe." He, like Antwerp dealer Jan Dirven, a member of the Maastricht board, believes the market is "as strong as ever for anything really exceptional."

"The only thing that worries me," he adds, "is that we are not seeing that many exceptional things on the market." As Dirven emphasises, his market (medieval and renaissance works of art) has escaped the attention of recent speculators, and there have been no sharp rises or falls.

Among his offerings is a fragment of a quartzite sarcophagus lid, Egyptian XXVIth century, and a carved ivory relief of the Madonna and Child by the Master of the Kremsmünster Diptych.

In a similar vein is Antwerp dealer J. Zeberg's 15th century Nottingham alabaster of the Assumption of the Virgin, and Max Knöll of Geneva's 14th century rock crystal reliquary.

Left: a recently rediscovered oil on copper landscape by Jan Brueghel the Elder. Verner Amell/Newhouse Galleries. Below: Han dynasty pottery horse and rider, on show at the Vanderven & Vanderven stand

Konrad Bernheimer offers a Louis XV telescopic table by Pierre Denizot, said to have been given by Queen Antoinette to her sister Marianne of Austria, a rare Tang horse – Vanderven & Vanderven sends an engaging Han pottery horse and rider – and a pair of large blue and white triple-gourd Kangxi vases.

Oriental art is the focus of Spink's stand, itself incorporating a vast 19th century Indian stone arch. According to Ben Janssens, Maastricht has proved important for developing the firm's client base in Germany and Italy. This year he brings an impressive Wanli black and gold lacquer cabinet, and groups of Himlayan art and Islamic jewellery. Linda Wrigglesworth, who specialises in Chinese costume and textiles, is previewing an exhibition of accessories worn by Qing courtiers.

Textiles and carpets have been a distinctive feature of Maastricht since 1988, limitless and fairly inexpensive space making it an ideal venue for showing textiles. This year, the seven dealers of the Textura section have ceded to pressures from outside to expand, inviting five guest members as a prelude to taking new members on board. With Europe's most distinguished dealers exhibiting, Textura promises a spectacular visual feast.

The Textile Gallery's exhibition fare is a fascinating selection of early Aymara tapestries from Bolivia and an important collection of Anatolian carpets of the 15th to 17th centuries. A 16th century Brussels "Gothic" tapestry comes via Davide Halevim of Milan. Eberhart Herrmann of Munich will use a variety of rugs to illustrate his controversial theories of animal symbolism. Persian tribal weavings are due from Galerie Neiriz of Berlin, and Scandinavian weavings from J.P. Willborg of Stockholm.

■ The European Fine Art Fair, with its accompanying programme of concerts and lectures, is at the Maastricht Exhibition and Congress Centre March 9 to 17. Sabena World Airlines offers a 50 per cent discount on all first and business class tickets from anywhere in the world to Brussels for fair visitors. The booking form is in the Maastricht leaflet, available from The European Fine Art Foundation, P.O. Box 1035, 5200 BA 's-Hertogenbosch, The Netherlands. Tel: (31-73)145165. A minibus service is offered between the airport and MECC. Next stop, the Salon de Mars in Paris, March 19-25.

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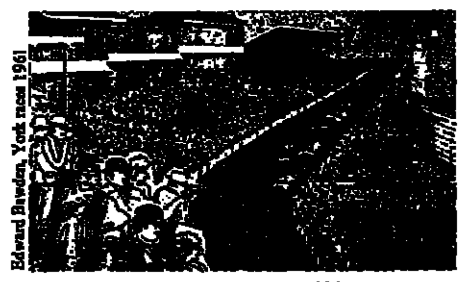

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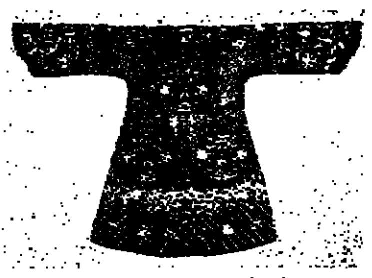

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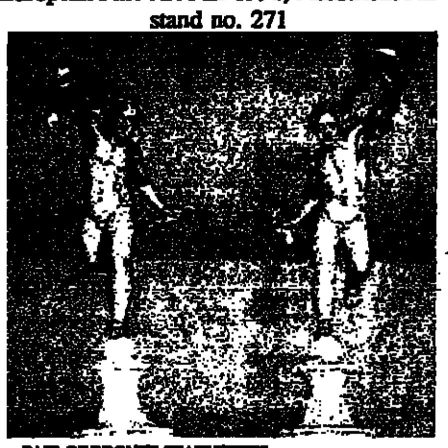

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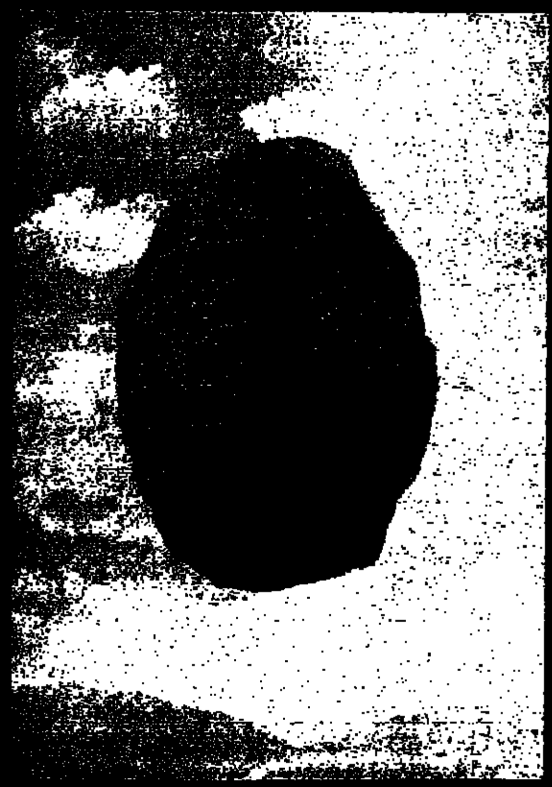

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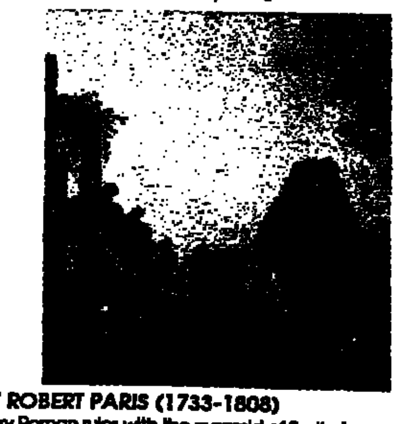

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National art treasures without price

*French museums need little cash to acquire art, says **Nicholas Powell***

THE GOLD crown made in 1855 for Napoleon III's first wife, Eugénie, encrusted with 2,480 diamonds and 56 large emeralds, is blazing away behind very thick glass in a case in the Louvre. The crown, the only one ever worn by a French sovereign which has survived intact, is one of 136 items, ranging from medieval ivory carvings to Renaissance pharmaceutical pots and Sevres porcelain vases acquired by the Louvre's department of objets d'art over the past five years which were recently shown off together in a basement under the Pyramid.

Just across the Seine, meanwhile, the Musée d'Orsay is holding an exhibition of over 200 19th century works of art chosen from among the several thousand it has managed to acquire since 1983.

Both shows illustrate what two museums have been able to do in the face of stiff competition in a robust art market – a question raised recently and somewhat painfully when the departure from Britain of Constable's *The Lock* highlighted the meagreness of the £13m budget for acquiring art shared annually by all of Britain's museums and galleries.

France's curators are not much richer than their British colleagues. Between 1985 and 1989, those in the 34 state-run Musées Nationaux, which include the Louvre and Orsay, spent FFr61m (£46m) on acquiring art. The thousand or so other museums in the land, meanwhile, had a meagre annual budget in 1989 of FFr7m, with occasional additional help from Ministry of Culture funds.

Barely 40 per cent of the FFr461m came from the state – gifts, ticket money and revenue from commercial activities made up the rest. "Dations", art works donated in lieu of death duty under a law of 1968, accounted for a further FFr16m worth of art, in fiscal, not art market terms. A special room named Salle Rothschild opened in the Louvre in December to house furniture and porcelain recently settled on the Louvre as part of a Dation by Baron Edmond de Rothschild.

Some 30 per cent of recent acquisitions have been gifts. Empress Eugénie's crown was among FFr25m worth of works given in 1988 by Cuban-born American money manager, Roberto Polo, who embarrassingly had to flee France shortly afterwards when an international arrest warrant citing $110m charges of embezzlement arrived from New York with his name on it. The Louvre nevertheless included Roberto Polo sportingly on the list of donors which hung on display in their exhibition and included several of Paris's leading dealers. Bernard Steinitz and his wife gave ten 16th century Limoges plaques depicting the *Passion of Christ* and which complement other acquisitions in that field. Maurice Segoura gave part of an extraordinary set of French boudoir furniture of 1819 made of gilt bronze and plaques of crystal.

The Duchess of Windsor acquired a little posthumous artistic respectability with the two 18th century French snuff boxes she bequeathed.

In addition to their zeal and their connections, French curators enjoy an arsenal of legal measures enabling them to make sometimes spectacular interventions in the art market. They have been unusually active recently in auction houses. As part of a drive to refurnish the apartments at Versailles they pre-empted the sale of eight chairs made by Georges Jacob for Marie Antoinette at Sotheby's in Monaco for FFr1.66m. A fortnight previously, a large donation enabled them to pre-empt Delacroix's broody and mystic *Madeleine* of 1843 for FFr10m.

There are wilier and more controversial procedures than straightforward purchase: there have been cases of preemption at Customs when museums have failed to preempt at auction and the threat to knock down prices by preventing an object from leaving the country has been used to wrest concessions from auctioneers and sellers. A year ago Culture Minister Jack Lang only promised an exit visa to Picasso's *Noces de Pierrette* of 1905, which went on to sell for FFr300m, after the owner bought the artist's rare blue period *Celestine* and donated it to the Musée Picasso in Paris.

In her exhibition catalogue meanwhile, Musée d'Orsay director Francoise Cachin notes that her museum has spent less in seven years on acquiring art than a Japanese insurance company in seven seconds at an auction sale. That is partly explained by the fact that few of the items enriching Orsay's wide ranging collections, apart from a blowsy Renoir portrait and some Galle glassware are suitable to excite Japanese lust and because Cachin and her curators are quite as canny as their colleagues at the Louvre.

The Orsay exhibition includes works from the mid-19th century until the First World War covering all important aspects of art during that period. It includes Serusier's *Le Talisman* of 1888, acquired thanks to donations, seven pastels and watercolours by Degas, only two of which were bought, and nine early Nebi works by Bonnard, only one of them a purchase.

Possibly the most famous acquisition is Monet's *La Pie* of 1868 which has been hung temporarily opposite another snowscene, Charles Francois Daubigny's melancholy *La Neige* of 1873. Kodak gave over 1,000 photographs and Odilon Redon's decorative genius is represented by a series of magnificent panels painted for the Chateau de Domecy in 1901. There is furniture by, among others, Hector Guimard, Adolf Loos, Otto Wagner and a desk and table by Charles Rennie Mackintosh.

Cachin raises another question capable of raising hackles in Britain in her preface – entrance fees. "I would like to thank the 10m or so visitors who have come to Orsay since it opened in December, 1986. Do people realise sufficiently that the acquisition budget of our museums depends enormously on entrance fees – that is to say, them?" she writes.

Queen Christine of Spain bought this bronze travelling clock from the celebrated Paris based company Breguet in 1831 for FFr6,000. It will be among 200 clocks and watches made by Breguet to be auctioned by Hapsburg of Geneva on April 14 . The clock carries a top estimate of SFr250,000 (£100,000). In all the auction is expected to top £8m.

Abraham-Louis Breguet was born in Switzerland in 1747 and is credited with developing the modern, reliable, watch. Archduke Geza von Hapsburg has spent two years assembling this impressive collection of Breguet workmanship.

Some sectors of the art market are in deep recession but demand for finely crafted clocks and watches, has kept up prices.

A connoisseur's joyful gift

THE CURATORS of Brussels are smiling. Not only has a famous Belgian art connoisseur left a collection which includes Chagall, Picasso, Miró, Klee and Hockney to the Musées Royaux des Beaux-Arts, but the museums have inherited her house and its lavish contents as well, to be sold – along with any paintings they cannot find room for – to set up a fund for acquiring works by living artists.

This is the story of old money and new pictures. They do not make collectors like Benedict and Alla Goldschmidt any more: art lovers who bought what they liked, hated talk of value – Dicky, as he was always called, used to say that if he wanted to impress people he would pin a cheque on his wall – and never speculated. In their lifetime – he died in 1972, Alla in 1989 – they sold just one picture: a Dali, because they did not like the painter's politics. Their passion was for supporting young artists and their highest term of abuse, "naphthaline" (mothballs), was reserved for things old-fashioned.

Dicky was a financier whose grandfather founded the Banque Degroof and whose father Robert was a fashionable "inventor" in the early years of this century. Popular with the Belgian kings, his successes included a type of hovercraft and the first Belgian airship. He also collected contemporary Belgian paintings and commissioned the young Leon Spilliaert to paint his flying machine in *Dirigeable dans son hangar* in 1910.

Dicky inherited a job at the bank and a collection of works by Spilliaert and James Ensor, including the jokingly morbid painting of two skulls competing for a sour herring (with the right accent, "hareng-saur" sounds like "art Ensor"). During the depression, he extended the range by buying at the bankruptcy sales of unlucky galleries – the four Chagalls which hung in the entrance hall of the Goldschmidt home in the Avenue du Congo came this way. One of the museum's greatest trophies, an austere de Chirico, "La Mélancholie d'une Belle Journée", also dates from this time – Dicky paid Paul Eluard BFr1,000 for it.

When Dicky and Alla married in 1949, theirs was a golden life of parties, *vernissages*, receptions for the young artists they loved. Then, days after Dicky's 50th birthday party on Christmas Eve 1955, it was sliced through by tragedy when Alla's son Guy died in an accident. (The event is marked by Serge Poliakoff's *Gris et Rouge*, dedicated in memory of Guy.) As if in compensation, the Goldschmidts became even more hooked on youth, on finding new talent.

The Goldschmidt bequest was exhibited in the Brussels Museum of Modern Art earlier this winter in a show whose exuberance lay in the sense of discovery of what was new in art by two generations of Goldschmidts: from Henri Evenpoel's 1896 portrait *Le Chimiste* of Robert, the intellectual in his laboratory, to his Belgian successor, Gaston Betrand, a close friend of the Goldschmidts who painted brilliantly ironic *Variations around a Portrait* of Dicky and Alla in the '50s. It was a splendid mixed bag, not a dud in the show and something to suit all tastes; fascinating as few such collections are because it let you so intimately into the lives of the collectors.

Jackie Wullschlager

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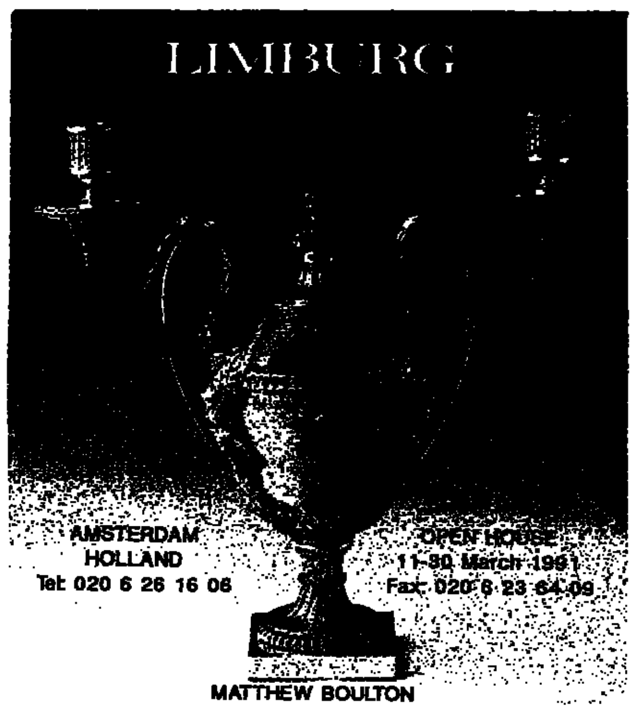
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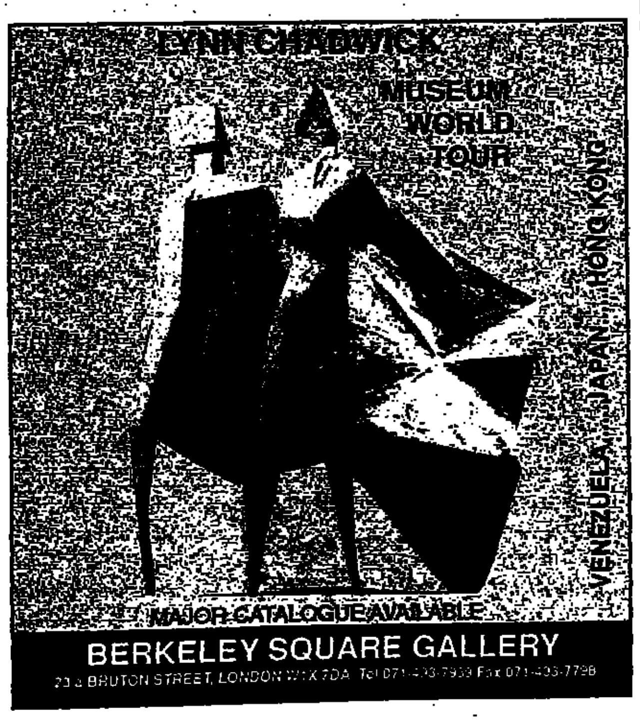
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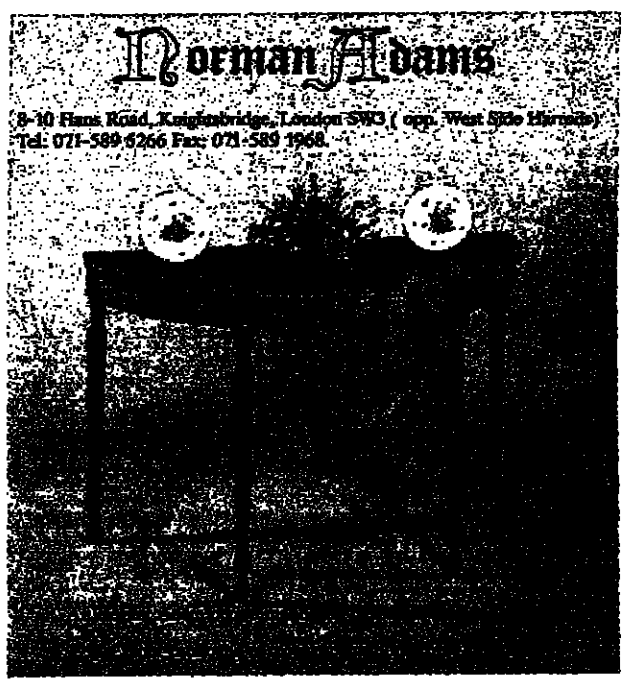
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Cool look at a fiery philosopher

***Anthony Curtis** on one of the touchiest great men who ever lived*

IN 1766 Dr Johnson gave his opinion of his great French contemporary. "Rousseau, Sir, is a very bad man. I would sooner sign a sentence for his transportation than that of any felon who has gone from the Old Bailey these many years. Yes, I should like to have him work in the plantations". But was Rousseau, Boswell persisted, as bad a man as Voltaire? "Why, Sir, it is difficult to settle the proportion of iniquity between them."

Bozzy confessed to being puzzled. "This violence seemed very strange to me, who had read many of Rousseau's animated writings with great pleasure, and even edification; had been much pleased with his society, and had just come from the Continent, where he was very generally admired."

A mixed response to Rousseau, recognising his genius but veering from intense loathing to equally intense admiration, continues. For more than 200 years he has remained a highly controversial thinker with whom anyone concerned about society has to come to terms. The period covered by Professor Maurice Cranston's new volume – part two of a three-volume life – is 1754 to 1762. Those were the years when, overcoming poor health, Rousseau wrote and published the major works that have fuelled the controversy: *Julie or the new Héloïse*, *Emile*, *The Social Contract*; and at the end of this book, Rousseau has just started to write a series of letters addressed to Malesherbes, the director of Publications in Paris, that will form the nucleus of the *Confessions*.

Cranston dealt with the period of Rousseau's years of wandering in his first volume, *Jean-Jacques: The Early Life and Work of Rousseau* (published in 1983), where he traced the remarkable rise of this Swiss watchmaker's son. Rousseau managed to break away from his background and educate himself in a number of disciplines, most notably music. He invented a new method of musical notation, wrote a successfully performed opera, made an early mark on the literary world by winning an essay competition. The rich woman who protected him at this time was a Swiss baroness, Mme de Warens who became for a while his mistress. He then had a brief career as a junior diplomat in Italy before going to Paris.

In this volume Rousseau's years in Paris as a contributor of philosophical articles to the great *Encyclopaedia* edited by Diderot are drawing to a close. "I have absolutely detached myself from the party of the Philosophes", he tells Mme de Créqui. Rousseau's combative nature leads him to attack publicly his former colleagues of the Enlightenment, especially Voltaire, of whom he succeeds in making an enemy for life. Meanwhile the rich protectresses continue, one following another, duchesses and countesses from the court at Versailles, who sit at Rousseau's feet, lap up his radical opinions, share his delight in the natural world, and await impatiently their personal copies of his latest works.

Although he must have been one of the touchiest great man who ever lived, always ready to take offence where none was intended, Rousseau was also capable when he wished of exercising irresistible charm. Mme d'Epinay was the first to fall; much to the disgust of her current lover, Baron Grimm, another great friend who became transformed into an equally great enemy of Rousseau's. She gave Rousseau use of the aptly named Hermitage, an isolated farm-house near her château in the valley of Montmorency. Rousseau set up house there with his working-class mistress Thérèse Levasseur and her elderly mother.

THE NOBLE SAVAGE: JEAN-JACQUES ROUSSEAU 1745-1762
by Maurice Cranston
Allen Lane/The Penguin Press £25, 399 pages

His treatment of Thérèse reveals the most notorious discrepancy between Rousseau's practice and his preaching. He had five children by her, all of which he sent at birth to the foundlings' hospital in Paris. Yet in *Emile* he inveighs with Dickensian fervour against the professional wet-nurses who bound their charges in swaddling-clothes. Cranston sheds a chink of fresh light on Rousseau's callous abandoning of his natural children (maliciously revealed to the world at large by Voltaire). Rousseau felt genuine if belated remorse and made an unsuccessful attempt to trace the whereabouts of the eldest, a daughter.

In addition to his voluminous published writings, Rousseau wrote thousands of letters on which Cranston has drawn to give an acute sense of Rousseau's fleeting moods. His growing passion for Mme d'Epinay's sister-in-law, Sophie d'Houdetot, is something we can watch evolving by the hour. She was the model for Julie, heroine of *The New Héloïse*. When this book was published in 1761 it "transformed Rousseau," Cranston tells us, "from a celebrated author into the object of a cult."

Like all authors Rousseau had problems with his publishers and here again there are daily, almost hourly, missives. His problems arose not only from his extreme fussiness about such details as the thickness of the paper and the stitching of the binding, but also from the subversive nature of the contents of his books. They had to be licensed for publication by the royal watchdog. One way round this was to publish them in Holland. Unfortunately Dutch publication did not prevent books from being pirated by rascally French publishers. Rousseau's loyalty to his Dutch publisher Rey cost him dearly. Nor when *Emile* and *The Social Contract* came out did it prevent a warrant for his arrest in France. Not only were the authorities out to get him personally; he fell foul of an anti-Protestant backlash.

This volume represents an exemplary, cool treatment of a fiery, difficult subject. In undergoing years of intensive research on letters, journals and other private papers, many biographers become uncritically identified with their hero. Ackroyd speaks as Dickens, Holroyd takes over the prolixity of Shaw. But while always remaining sympathetic and fair-minded, Cranston is critical and aloof. He has an alert eye both for significant trivia and for fundamentals, for processes of body and mind, passion and intellect. The history of Rousseau's lifelong problem with what doctors sometimes euphemistically call "the waterworks" is discussed just as fully and lucidly as the evolution of his crucial notion in political thought, "the general will", its debt to and deviation from, kindred concepts formulated by Hobbes and Locke.

The reader is left with the spectacle of this eminent man becoming a fugitive. Indeed it looks as if Dr Johnson's wish for a criminal conviction will be granted. It is only thanks to the intervention of influential friends and patrons that Rousseau escapes on the final page to his native Switzerland. Let us hope it will not be too long before Cranston reveals how the story ends.

Trains of thought

A.L. Rowse muses on the cultural, literary and historic consequences of the great railways

THOUGH HARDLY qualifying as a railway buff, I can tell a masterpiece when I see one, and this book strikes me as being as masterly as it is enjoyable. Professor Jack Simmons is our prime authority on Railway History. Two previous books are more technical and descriptive. In this book, he places our railways in full context, and we see how much they gave its character to the Victorian age. Indeed, it is hardly possible to imagine the country without them.

Here everything significant is dealt with, and it makes a fascinating story. Something to be proud of too, for in railway construction the Victorians led the world, building railways overseas as well. London also built the first underground railway anywhere in the world. It was all done by private enterprise, differently from most countries, where governments led the way.

Here we have chapters on tracks, engines and engineers, the raising of capital, finance, entrepreneurs; the carrying of mails, relations with the Post Office; newspapers, bookstalls, stations. Then there are cultural consequences. Not quite as much vandalism as might have been expected, though a few historic castles, churches and prehistoric sites were sacrificed, and an awful mess created around Southwark Cathedral, on Ludgate Hill and in the approach to Shrewsbury. On the other hand, the famous walls of York were very judiciously pierced; and we were given those splendid stations at Newcastle and Huddersfield, architectural monuments of the age.

The main lines of the British railway system were driven through at high speed with all the energy, conviction and power of the early Victorians: some £200m. was invested in the early trunk lines alone. It was a ruthless affair. But the cultural tracks are no less remarkable. Look at literature. Dickens gives prime expression to the new phenomenon – he was also quite seriously involved in a railway accident. Trollope comes not far behind, and Hardy emerges as the most railway-minded of the poets.

THE VICTORIAN RAILWAY
by Jack Simmons
Thames & Hudson £28, 416 pages

RAILWAYS: AN ANTHOLOGY
compiled by Jack Simmons
Collins £16, 259 pages

I miss Macaulay's chortling tribute to the new speed – "Why, a man may breakfast in London and dine at York!"; he was gratified to see his History displayed on the bookstalls. Matthew Arnold was more surprised to find his poetical works there. Would we today? How serious-minded, how earnest, Victorians were! The Duke of Wellington avoided company by having his coach placed on a flat truck and travelled in that, but when he needed to respond to a call of nature, the most famous man in England could not avoid being followed by a crowd.

The competitive spirit was given full play in that age. I remember how in my early days Cornwall was saved by the railways. With the appalling decline of tin and copper mining and the emigration of a quarter of the population abroad, the railways enabled us to capture the markets in early vegetables and flowers, and to develop tourism: the Cornish Riviera.

Popular excursions became a new feature – the Great Exhibition of 1851, for instance, owed much of its spectacular success to the railway excursions that were laid on. The Professor shows imagination in diagnosing social consequences such as the increase in popular mobility, the liberation of women, the spread of reading, the trend towards democracy. He is right to remind us of the enormous debt the country owes to the railways in the two great wars of our time. Beyond all praise. Unpayable.

The illustrations here are a joy, especially the great bridges under construction. We may regard the Professor's *Anthology* as a book of another kind of illustration – 320 passages from the literature, prose and verse. These are above all informative and of fascinating interest. I could have done with a few more light-hearted pieces. I love Charles Greville's trepidation on his first experience of the speed – "then a sense of security supervenes, and the velocity is delightful". At Cambridge, the Vice-Chancellor repelled the proposal to run a railway into the sacred precincts, "winging foreigners and other undesirable characters in. This proposal is as displeasing to Almighty God as it is to the Vice-Chancellor of the University of Cambridge."

Lithograph by George Hawkins (1849): Building the Britannia bridge across the Menai Strait

Long live Pacific chic

***Michael Thompson-Noel** finds the globe upended*

SOME HISTORIANS, says Simon Winchester at the start of this ambitious and satisfying book, question whether the primacy of the Atlantic is truly past, and wonder whether the 56 countries grouped around or within the Pacific ocean have the ability to assume world leadership.

I bet they do. I have lived in the Pacific and have jetted back and forth across it many times, stopping here and there – Auckland, Los Angeles, Honolulu, Seoul, Hong Kong, Manila, Port Moresby, Vanuatu, New Caledonia, what have you – to enjoy what George Bush would regard as commendable dollops of R&R. But I have always had trouble thinking of the Pacific as a place or an entity, let alone an area readying itself to take what Winchester calls, cutely, the "torch of world leadership" from the nations of the Atlantic.

Left to my own devices I would happily go along with Robinson Jeffers, who saw the Pacific as "... half the planet: this dome, this half-globe, this bulging Eyeball of water, arched over to Asia, Australia and white Antarctica ... the staring unsleeping Eye of the earth ..."

Winchester, however, has no doubts that the Pacific, once merely big, "is now endowed with very considerable power which seems likely to grow and grow." The Pacific era, he reckons, will reach its full flower in two or three decades' time, though how long its supremacy lasts "cannot even be guessed."

At the outset, the author explains that he knows very little of economics and that he shies from statistics. Yet there is one event, he says, which brought the Pacific's surge alive for him and which happened, though it cannot be wholly proved, seven miles above the earth on a Friday night in May 1984.

Until that Friday night, slightly more than half the world's fleet of commercial jumbo jets actually up in the sky were known by the air traffic controllers to be flying across the Atlantic. But then something happened. Suddenly, more than half the world's big 'planes known to be in the air were recorded by the controllers as being above the Pacific, not the Atlantic.

THE PACIFIC
by Simon Winchester
Hutchinson £19.99, 501 pages

Just four weeks later (Dublin, June 1984), Ronald Reagan claimed that the countries of the Pacific basin were "leading mankind into a new age of enterprise and progress." Suddenly, *Pacific chic* was in. A US State Department seer talked of a shift in the centre of gravity of US foreign policy towards the Pacific basin and particularly towards Japan. George Shultz said there was "a new reality in the world." Mikhail Gorbachev (Vladivostok, July 1986) talked of a "renaissance in world history" taking place along the Pacific rim. Dear old Gary Hart claimed that the Pacific had become the 20th century's "fountain of youth", and the governor of California thought that, economically, the sun was now rising in the West.

So far, so fuzzy. However, what Simon Winchester does is largely skirt the statistics and rhetoric and offer an affectionate portrait of the area by concentrating on the people, landscapes, philosophies and histories of the places that together form Herman Melville's "tide-beating heart of the world."

There are some excellent maps, an adequate index and a generous five-page bibliography. Above all there is the energy and skill of a talented journalist flitting hither and thither and then hovering, like a honey-bird, at this or that location until he has sucked out the nectar. (Winchester says he has visited virtually every country and island group in the Pacific but that, try as he might, the four islands of the Pitcairn group still elude him.)

The Pacific is the best sort of travel book – just the thing for your next world cruise.

Fiction

Tales of this century

LIKE CITIZEN Kane, who dies murmuring a word (the suggestive "Rosebud") with no significance anyone can see, the dying heroine of *Asya* refers to a mystical experience she had when she was five, which no one by then can identify. This weird memory of crossing a frozen river and seeing a huge skating figure gives the book its most eloquent, poetic moments: perhaps because it is the only thing unexplained after all other mysteries are solved and loose ends tied.

Michal Ignatieff's first novel, though not of course his first book, is something of a thriller in the late le Carré sense. It is also thrilling in that it keeps the reader guessing, on edge, wanting to know more; and is much more knowledgeable about its background of East/West, Red/White, Left/Right than most such tales, as there is an autobiographical element in its family history.

The turnabouts of the past year, the circular as opposed to the confrontational nature of 20th century politics, mean that nothing in enmity and alliance is now clear-cut. That people can betray and lie to their intimates for a lifetime we know from true stories: every faction has had its Philbys. When Niki, son of White Russians, says: "Who in Europe is going to do something about Bolshevism? Adolf Hitler," one may still be shocked; but when Niki's half brother says: "Niki wanted to come home, so he went back with the German army. His father wanted to come home, so he crossed back into the Soviet Union with help from the Gestapo. What's the difference? Or have you forgotten about the Hitler-Stalin Pact?" one broods and wonders. Perhaps human rights are the only touchstone: who tortures, for whatever reason.

Asya clearly bewitches her creator and that is the book's weakness: he is not detached enough to see her as often tiresome, not really up to her role of irresistible charmer, beloved by everyone, even in old age. She is "fine boned and delicate of feature" with "long, finely turned limbs, black curly hair, pale white skin and lustrous black eyelashes and moss-grey eyes". With all this she enchants on sight, and long-term as well; and in her world of intrigue, she is an innocent. Despite some incredible coincidences, the plot works. In any case our century (on the stroke of which, midnight 1900, Asya was born) is strange enough for the dramas of history to outdo those of fiction.

ASYA
by Michael Ignatieff
Chatto & Windus £13.99, 309 pages

THE INVISIBLE WORM
by Jennifer Johnston
Sinclair-Stevenson £12.95, 182 pages

SUCH A LONG JOURNEY
by Rohinton Mistry
Faber & Faber £13.99, 339 pages

Jennifer Johnston has written superbly about what in *The Invisible Worm* she calls an endangered species, the Irish Protestants in the Republic. Once in the ascendancy, now at the tail end of their history, bedraggled and unconsidered in the thrusting new European Ireland. Laura's house, crammed with inherited pieces, has come down through the family women for three generations; she and her mother both married Catholic politicians. Childless, unsociable and locally considered odd, she is uncovering a summer house buried under brambles in which, it is clear, something happened long ago. "The most dreadful ..." she then tried to tell her mother. "You know. That thing. I don't know the name for it. He did that thing to me." Her handsome, beloved father, after months of alarming approaches, has raped her. Incest, the last taboo, is now perhaps the only sexual shocker and much used in recent fiction. All is explained – Laura's withdrawal from almost everything. A potential lover is sent packing, a new way of life rejected. The two aspects of her life – Irish politics and lifestyle in which someone like her has no place, and sexual manoeuvres in which her father and the husband he chose for her have both exploited her – are fused with unobtrusive symbolism.

Short, almost a novella, this is finely written but marred at the beginning by confusing experimental techniques which lose the story momentum because for too long one doesn't know who's who or what's up. But successfully experimental and wholly original is the dialogue, meandering, interrupting, self-centred, choppy; and since much of the tale is told in conversation, its realism is brilliantly effective.

Such a Long Journey, set in Bombay, is a first novel and full of promise; its accent is Indian, lilting, foreign. Gustad is a Parsi bank clerk whose life is narrow and by western standards poor. Sohrab, his elder son, is rebellious, Roshan, his much loved small daughter, falls ill, his best friend at work dies, and his greatest friend of all, Jimmy, suddenly vanishes. It is Jimmy who draws him into the wider world of politics, prison and government racketeering; in which he remains kindly, a little tetchy, untouched by guile or malice, a lovable middle-aged hero without any heroic pretensions. Like him, the book's atmosphere is thoroughly likeable, gently humorous, recalling, a little, the early Naipaul.

Isabel Quigly

It's tough at the top

***David Pryce-Jones** on past UN Secretary-Generals*

THE UNITED Nations, Shirley Hazzard says in a striking phrase in this "Counterblast Special", is a place where government "might go to church." This well-written and even literary pamphlet is about the failure of this most curious of churches to translate its prayers into good works.

Responsibility for this is attributed to the various Secretary-Generals who have held the UN and its development in their inadequate hands. She is particularly incensed to recall how the first of them, the Norwegian Trygve Lie, had a secret agreement with the American Department of State to screen UN personnel as security risks. As a result, some of them were victimised. The loyalty of the staff to the organisation was irretrievably undermined.

Heavy weather is made of this. Trygve Lie is cast as a willing accomplice of McCarthyite persecutions. The Cold War context of that time is not properly acknowledged, and nowhere is there an account of the ingenuity and persistence with which the Soviet Union has always placed its agents into positions of influence throughout all the branches of the UN. The accusation that the United States has steadily and purposefully destroyed the Secretariat's impartiality and arrested its moral development, overlooks far too conveniently the structural and political difficulties in an assembly of this size and diversity. UN activities cannot help reflecting a mass of conflicting interests.

COUNTENANCE OF TRUTH
by Shirley Hazzard
Chatto & Windus £5.99, 178 pages

Attacking the character of successive Secretary-Generals, Hazzard is on firmer ground. Dag Hammerskjold and U Thant were indeed peculiar and inscrutable choices for the post – the point is made that anyone of genuine capacity can hardly be spared from his native country.

Of all who have held this position, though, the weirdest and most damaging has been Kurt Waldheim. As an officer in Hitler's army, he was active in highly suspect circumstances against partisans in the Soviet Union, in Greece and in Yugoslavia (where he was on a short-list of the thirty most wanted Nazi war criminals). C. M. Woodhouse has shown how Waldheim had been aware – to put it no higher – of the murder of British soldiers from the Special Boat Section captured in uniform on active service. About all his wartime postings and duties, Waldheim has lied and prevaricated.

The image of the man, Hazzard writes sarcastically, is best caught in the remarkable set of decorations that he sports, for these include Hitlerite medals from the Russian and Balkan fronts, and several given by Leonid Brezhnev.

The circumstances of his appointment in 1972 to the UN have not yet been elucidated. It is known that the alternative candidate, the Finnish and Jewish Roman Jakobeen, was not acceptable to the Soviet Union, for fear that he might counteract their sponsorship of the Arabs against Israel. Collusion seems to have occurred between the two super-powers to promote Waldheim as a compromise candidate. There was a hold on him; he would do what he was told under threat of disclosure of his past. Sure enough, in office he specialised politically in taking the line of least resistance, appeasing the stronger party and fawning on tyrants great and small. Under Waldheim, the UN lost much of its claim to have moral influence. He also failed to stand up for his staff, and they became demoralised.

Justified contempt for this Secretary-General is one thing, condemnation and dismissal of the UN another. Blurring this distinction, Hazzard scatters her shot, and that is a pity. The UN remains what its members make of it, and right now they are not in church but working to secure international law and order in the Gulf. To tar the whole organisation with the Waldheim brush is crude, inappropriate, and as it turns out, anachronistic.

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TRAVEL

MY MAIN memory of our holiday in Donegal last summer is the weather. When I say weather I mean rain, and when I say rain I mean everything from interminable drizzle to spectacular storms. We were in Donegal for the last 13 days of August and it rained for 12½ of them. I suppose one should expect it in the extreme north-west of Ireland, as far north and west as one can go without falling into the sea, but I had not quite taken in the effect that that sort of weather would have on a holiday.

In Larne we disembarked from the Stranraer-Larne ferry: this is not a vessel to use if you can find an alternative, but we wanted to take our car with us so the smelly but reasonably efficient car ferry, full of fruit machines, was our only option.

It was raining when we reached Larne. It rained gently and steadily all along the northern coast road across Ulster, ending up on the beautiful, bare, wild shores of Lough Swilly, a deep ocean inlet. The lough is narrow, no more than about two miles at its widest point, but we only saw the other side clearly on two occasions during a week's stay because it was always shrouded in mist and rain.

The main amusements on offer are walking and fishing, though we did see a couple of cyclists bent over their bikes under huge plastic covers shaped like tents, drenched and obviously insane. It is a place for walking. The landscape is a wilderness of moors and mountains broken by small, reedy loughs on which, theoretically, one needs a licence to fish. But the Irish attitude to poaching and unlicensed fishing has long been on the side of the man with the rod against the landlord or warden.

My husband, overcome by his own Englishness, went to buy a fishing licence in the nearby village of Rathmelton. It took us a long trail of enquiries to discover where licences were sold and, once village opinion, united in its ignorance, had opted for the post office as the most likely place, it took half-an-hour to find the post office, which was hidden behind a row of ruined warehouses beside the river. The proprietors gave my husband a licence with an air of bewildered fascination. Obeying the law is always suspicious in Ireland.

Many of the local people we met were old, like the couple running the post office. The whole of Donegal has an air of belonging to the past. Most buildings are empty reminders of a time when they paid their way, or even flourished. The countryside is sprinkled with abandoned cottages clustered in dead settlements. Farmhouses decay while the farmers cut peat, look for their sheep, which are free-range to the point of hedge-leaping lunacy, and walk their cows along the roads to the milking sheds.

The boys who help with the cows leave when they are old enough to go to Belfast, Dublin, London or elsewhere. The second of our two hostesses had three of her six children in America, "married and well set up there, thank the Lord."

Manor houses are usually for sale, empty and eerie in huge, overgrown estates. Small towns such as Letterkenny and Ballyshannon still have some quite handsome 19th century buildings while

Old Country: Donegal has an air of belonging to the past. Farmers cut peat and look for their sheep, which are free-range to the point of hedge-leaping lunacy

A walk in the Donegal rain

***Teresa McLean** enjoys a visit to wild Ireland where clouds drift in and time drifts by*

Donegal, the small county town, has a castle and central square geared towards tourism.

Across the county border in Sligo, the county town is bigger. It was having a festival weekend when we were there and was in a boisterous mood, full of people, including plenty of young people and a good scattering of roadside entrepreneurs selling hand-made jewellery and bits of folk art.

It had a vigorous and lively air. There were so many Irish folk music concerts in the pubs that it was well nigh impossible to get a drink or a meal without pipes piping and fiddles fiddling and people springing up like fungi to sing, smoke and recite poetry while the musicians drew breath.

Lunch is never a good idea in Ireland, with or without a festival, and Donegal is no better than anywhere else. Food is for those who cannot get a drink and requests for food, even a sandwich, are treated as insults to the local supply of alcohol, which mainly consists of whisky and thick, dark, slow-pouring Guinness.

The only way to get a good meal is to stay, as we did, in an old rectory or grand old house which has been turned into a hotel and restaurant. We had heroic breakfasts, after which we walked all day, looking for wild flowers, birds and butterflies inland, or avoiding jellyfish and looking for crabs and friendly seals along the miles of sandy, windswept beaches and the high, spectacular cliffs at the ocean's edge.

The trick is to miss lunch and get back to where you are staying late, in time to dry out by the fire before dinner. Ours were delicious, though vegetables are a rare, expensive luxury. Three times we had dinner out, in new restaurants. Our hostesses told us about them and were happy to baby-sit while we went out, provided we told them every detail of what it was like the next morning at breakfast. We ate well and the restaurants were packed.

Local fish are few and far between in Donegal, where the fresh sea fish are sent straight to markets in the big towns. As far as local buyers are concerned, wild salmon are almost a thing of the past.

Salmon farming is big business and provokes strong feelings among neighbourhood fishermen, whose hauls from sea loughs like Lough Swilly are a small fraction of what they were before the coming of the farms. If a few salmon or sea trout do manage to find their way up the rivers, poachers fall upon them to sell or take home, tokens of the plentiful past which was still alive and well only a few years ago.

Any Donegal native will tell you at length about the pros and cons of salmon farming, about present-day problems and old-time problems, the traditions he learnt from his fathers and is losing now. Everything is in the hands of destiny. Conversation on any subject, even something as mundane as where to find the shops, is shot through with the feeling that it is no use fighting against destiny. There is not much point doing *anything* except talking and having a drink.

No-one has a sense of time. If you want to catch a bus at 11 am, as did a friend on holiday with us, you would be foolish to make your way towards the pick-up point until noon. The bus we wanted was 1½ hours late reaching Letterkenny and two hours late leaving it on its way to Belfast. It stopped at every house where some-one waved at it to stop and went up numerous lanes to collect and deposit people at remote farmhouses, arriving at Belfast hours late. But the plane was an Irish plane and waited for the bus.

Don't go to Donegal if you like to get things arranged in advance, to lie on beaches, shop in colourful markets or eat romantic meals. Go if you like to talk for ages about nothing in particular, walk along windswept shorelines and climb rocks for hours on end, day-dream, search for the remains of ancient Celtic shrines, churches and wells, bounce along narrow, rollercoaster roads behind herds of cows and smell the sweet, acrid smell of peat while you dry yourself by the fire after a wet day out in wonderfully fresh air.

A Civilised Weekend

Stratford, the nice way

LAST YEAR I outlined the components of a Civilised Weekend in Stratford-on-Avon and suggested that Stratford itself was short of genuinely hospitable places to stay at.

This was an over-churlish attitude brought on by a single bad experience, but many readers subsequently echoed my opinion that Stratford was vile, and some pointed to the virtual monopoly on hotel accommodation there exercised by Trusthouse Forte. Another reader drew my attention to the clays on which Stratford is built: trees, he tells me, dislike the Shakespearean sod.

Treeless, and trussed up by Trusthouse, Stratford as a town seems irredeemable to many visitors, who are nevertheless drawn there by the Royal Shakespeare Company. I now offer a solution: avoid the town and base yourselves on the northern edge of the Cotswolds.

From somewhere like Chipping Campden it is only half-an-hour's drive to Stratford: the road in takes you straight by a large long-stay car park from which the RSC theatres are easily reached on foot. Campden will please those in search of the Elizabethan atmosphere, at least in terms of its wool-based architecture; it also offers some decent walking and is the head of the 95-mile Cotswold Way whose feet, so to speak, stand in Bath.

I tried a hotel between Campden and Shipston-on-Stour called Charingworth Manor. It sits on the last rises before flat Warwickshire begins and is pleasantly imposing. Bedroom space is limited – I was lodged in some converted pigsties, quite commodiously – and the atmosphere accordingly easy.

Despite the now-obligatory touches of "country-house" style, such as mock antique hunting prints, the feel of a house is still there. I go along with whoever it was who said that breakfast and tea are the only meals really worth having in British hotels (Somerset Maugham?). These are meals that ought to be relished when one goes away, and the Charingworth's are no disappointment.

T. S. Eliot is romanced to have penned the first of his *Four Quartets* in the house. Burnt Norton, whence the poem takes its title, is a few miles to the north of Campden: the story is quite plausible. Eliot came this way for quiet gardens and peace. Unlike him, you do not have to be on the run from an insane spouse in order to appreciate the winter jasmine at Charingworth or the sanctified calm of St. James's in Campden. It isn't cheap, but it puts you in just the right frame of mind to take some Shakespeare at Stratford.

■ Charingworth Manor, tel: 038-678555. There' are various short-break tariffs, starting at £66 per person per day (dinner plus b&b) rising to £76 pppd from April 1.

Nigel Spivey

The future of skiing takes a bow

***Arnold Wilson** joins 2.9m novices on Japan's crowded pistes*

I HAVE skied the future, and it is stamped "Made In Japan."

It is 4am: I am skiing under huge arc-lights and if this is the land of the rising sun, let it rise soon because I am freezing to death. My jaw would like to drop with amazement at the scenes around me but it is frozen. This is Naeba in the northern Japan Alps, where the Japanese take skiing to its extremes.

Part dream, part nightmare, it has little to do with rustic villages, yodelling instructors or other traditional forms of *gemutlichkeit* found in the European Alps. The Japanese flock here from Tokyo by the train- and coach-load, sometimes not even bothering to book a room.

Many leave the capital after work, arrive at the vast (4,000-bed) Prince Hotel, said to be the biggest ski resort hotel in the world, at around midnight, take a nap on a bench in the locker room and are out skiing when the first lift opens at 4am. The other lifts start at 8am, along with the ubiquitous musak which blares out from almost every other pylon and from which there is no escape.

The lifts do not close until 11pm. The Tokyo hordes can ski all day, climb back on their buses and trains and be back in the city that night, pausing only for a snack or meal in one of the hotel's 41 restaurants. One is open all night so that early skiers can breakfast before dawn.

At weekends the scene becomes absurd. More than 40,000 skiers have been recorded on Takenoko Yama (Bamboo Shoot Mountain.) Last winter 2.9m people skied in Naeba. With so many skiers buzzing about at weekends, collisions are inevitable and the rescue services and clinics at full stretch. Things are not helped by the inexperience of many Japanese skiers. If the country has 12m of them, a goodly number must be near-beginners.

Even total novices are decked out like downhill superstars in the latest designer ski suits. Mercifully, at 4am there are only a couple of hundred of us on the mountain, and soon it will be 199 because I am going back to my bed (about £88 per night) after a few runs.

I have an appointment at 8am with Ichiro ("Call me Ichy") Ohnuma, who has taught at Sun Valley and Mammoth Mountain, California, and is just about the only person here who speaks reasonable English. Together we steal a ride in the gondola before the mob is allowed up the mountain. After a 24-hour blizzard there is a foot of fresh powder everywhere.

While half of Tokyo queues for the lifts, Ichy and I have the place to ourselves for 20 minutes – except for Yoshiaki Tsutsumi, who as boss of the Seibu group owns Neaba and 19 other resorts plus the entire Prince Hotel chain (about 30 hotels), a railway in Tokyo (roughly the equivalent of London's Circle Line), Japan's champion baseball team (Seibu Lions) and a couple of successful ice-hockey teams.

My attempts to converse with Tsutsumi

Fast food, flash clothes on Naeba's slopes

are discouraged by Ichy. "He doesn't like foreigners," says Ichy witheringly.

Naeba, it has to be said, is not typical of Japanese skiing, although the trend is spreading. Many of Japan's 600 or so resorts are still homely and traditional, particularly on the northern island of Hokkaido, where huge tracts of uninhabited wilderness belie the notion that Japan is universally teeming with population. Even on Honshu island you can find the ultra-modern side-by-side with the traditional.

The resort of Gala Uzawa, for example, which opened only last December, is linked with the old-world resort of Ishiuchi, with its quaint old buildings that actually look Japanese. The European equivalent would be discovering that Aime La Plagne had managed to link itself with Megeve. Gala is owned almost entirely by Japan Railways East which plans to build more resorts in this mould, despite opposition from environmental agencies.

The idea is that you climb aboard your bullet train and emerge straight into a ski resort at the other end. You simply get off the train and board an eight-person gondola. Your lift pass (about £16) also enables you to buy lunch, drinks and souvenirs at the shopping arcade built into the base-area without bothering with money. At the end of the day any money you haven't spent is refunded.

In some Japanese resorts such as Iwatake, near Hakuba, the conventional lift pass has been replaced with an identification card that you simply put in your pocket and forget. As you approach the turnstile, an electronic device recognises your ID and lets you through. No more taking your glove off in a blizzard to scrabble for your lift pass!

If only it were that easy in Tokyo. Switching from Ueno to Shinjuku stations on a busy Tokyo evening while carrying a huge hold-all, a boot-bag, a brief-case and a heavy pair of Atomics is something of an ordeal. Japanese commuters come at you in unswerving, unsmiling brigades, and skis do not divide them.

It was a relief to get to Hokkaido. Apart from quieter ski resorts, the northern island boasts Japan's only Club Med village, at Sahoro resort. Would the Japanese identify, I wondered, with the ambience of organised *joie de vivre* that the French pump out so expertly?

The Japanese love to be organised, and Club Med loves to organise. The result can verge on pantomime. The club is over-run with pretty, doll-like secretaries from Tokyo who pop there for a few days' skiing and then pop back. As soon as they arrive they start privately practising the famous "crazy signs" routines that are the hallmark of the finales of Club Med cabaret evenings. To watch a sea of twirling, clapping Japanese perform this complicated routine with hands, knees, elbows and noses in almost total unison after no public rehearsal is fascinating.

Sahoro is not the biggest of resorts, but the skiing is good basic stuff with steep cruising runs and three good mogul fields which are a joy in fresh powder. Unlike most Japanese resorts, Sahoro allows snow-boards and a certain amount of off-piste. In the event of late or poor snow, clients can ski the nearby resorts of Tomamu and Furano, one of the biggest ski areas on Hokkaido.

Club Med's instructors are astonished at the expensive ski clothing their classes wear. "I saw a beginner the other day," said one incredulously, "who had a new Descente one-piece suit, some brand new Rossignol Virage skis with Marker M46 racing bindings and a pair of Rossignol Dynafit 3F boots. Yet he'd never stood on skis in his life."

My most endearing memory of Japanese skiing was garnered in Gala Yuzawa where I noticed that the girls in resplendent emerald green uniforms who operate the lifts even bow to departing cable cars. Not just a nod, but a deep bow that continues for some seconds after the car has disappeared. You don't get a lot of that in Meribel.

■ Arnold Wilson's visit to Japan was arranged by Club Med, 106-110 Brompton Road, London SW3 1JJ. Reservations: tel: 071-581-1161.

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PROPERTY

Costly havens where recession nibbles

John Brennan looks at the housing market in the Channel Islands

THE Channel Islands are an early product of global warming. Whether it was the use of ozone-unfriendly hair-spray by druids in the dark-ages, or simply geological slippage combined with a series of abnormally high tides, it was not until the eighth century that Jersey, Guernsey, Alderney, and Sark stopped being patches of high ground on the Normandy coast and started their careers as offshore islands.

When William, Duke of Normandy became King of England, the Channel Islands gained a dual nationality. After William's successors' lost their continental estates the islands were the only pieces of the Norman Duchy left to England.

Successive English sovereigns confirmed the special status of the Channel Islands with a series of charters and rights. Among charters graciously endowing the islanders with rights over flotsam and jetsam, winkle harvesting and the like, were recognitions of the custom and practice of domestic self-government, fiscal autonomy and free trade with the UK.

As late as the 1950s the French government was still sniping at these cosy arrangements, claiming that the islands' territorial waters rightfully belonged to metropolitan France. That argument was thrown out by the International Court of Justice at The Hague.

In the 70s the special status of the islands was recognised within the treaty marking UK entry into the EC. These one-time patches of Norman high ground will enjoy the benefits of the single European market without having to adopt Community directives if they do not want to.

In addition to this regulatory independence, the islands enjoy a 20 per cent income tax rates, no capital gains or inheritance taxes and a pleasant climate. It is hardly surprising that the islands' housing markets have been shaped by restrictions to prevent mass immigration.

Rather like the old Rolls-Royce adverts, if you need to know the price of acceptance as one of the five new incoming residents allowed each year on to Jersey, you probably cannot afford it. Jersey, the largest of the islands stretching over 45 square miles, has a full-time resident population of 82,000 and a zero-growth policy.

As Philip Gurdon of Bristol & West's Gothard & Trevor agency in St Hellier (0534-72617) explains: "Anyone who considers coming to live here has to approach the Economic Adviser and bare their financial soul. Just how much wealth people have to be able to show is never made public. You never know how many who apply are turned down, but it is said on the grapevine that there isn't the the demand there was a few years back when UK tax rates were much higher."

Apart from the five super-rich new entrants each year there is some turnover of ownership in the pool of higher-priced properties that have been designated by the island as available for incomers. Tax exile is no protection against death and divorce, but Guernsey's rationing policy for incomers underpins property values at that artificial end of the market.

As for the island's normal housing market, available to Jersey-born buyers or those who have lived on the island for more than 20 years, Gurdon confirms that Jersey homebuyers have been as hit hard by high mortgage rates.

"The market is depressed," he says, "and it has been very quiet indeed since Christmas. Younger buyers are under tremendous pressure because homes at the lower end of our market cost around £100,000, and first time buyers find themselves over-stretched. Existing owners are just holding back until interest rates fall."

Although legislation is being drafted to create flying freeholds on flats, until now all apartments have been sold on a share transfer basis. In an effort to meet the demand for lower-priced local market homes many amateur developers had been buying houses for conversion into flats in recent years.

As Gurdon says: "That market did leap ahead but it is now absolutely dead. Single bedroom flats, even in quite poor conversions, were selling for £75,000 and two bedroom flats for £85,000. Now a lot of those are completed but unsold.

"Historically over here we have seen properties double in value every five years or so. Values haven't fallen particularly, but they haven't been rising and there is very little activity."

Although only half the size, Guernsey has tended to apply a less obviously restrictive approach to incomers than Jersey. Nevertheless, the same open market and local market housing distinctions apply and, since December the island's right-to-work regulations act as a further bar to incomers trying to sidestep the laws preventing them from competing with residents for local housing.

Everyone applying for a job on the island, or changing job, has to have a license showing that they are legally housed. No permit, no job.

Those born and bred on the island can buy as they wish, although "bred" in this context means spending at least 15 years on Guernsey. Incomers who buy open market housing can never win such rights although their children have the same status as those of islanders. Children born to incomers and locals alike whose families move away inside that 15-year residency period may have to make up the years on their return.

Brian Merry of Cranfords in St Peter's Port (0481-24227) explains the price differential between local and open market homes. "At one time you could say that two identical semi-detached houses, one open market and one local, would be £100,000 apart in price. If the local house was £120,000, the open market one would be £220,000. Today there really isn't a norm. The land doesn't cost any more, the bricks do not cost any more for an open market property but the price is very much what the market will stand.

"About 10 per cent of the housing stock was originally designated as open market, but that percentage has fallen as more local market properties have been built and as the open market register has been closed. As a result there is now more pressure on open market homes and you could expect to pay £200,000 more for the same house and we have clients looking for properties right up the range to £1.5m and more." As for rentals, Merry reports that annual rents on open-market family houses run to around £20,000.

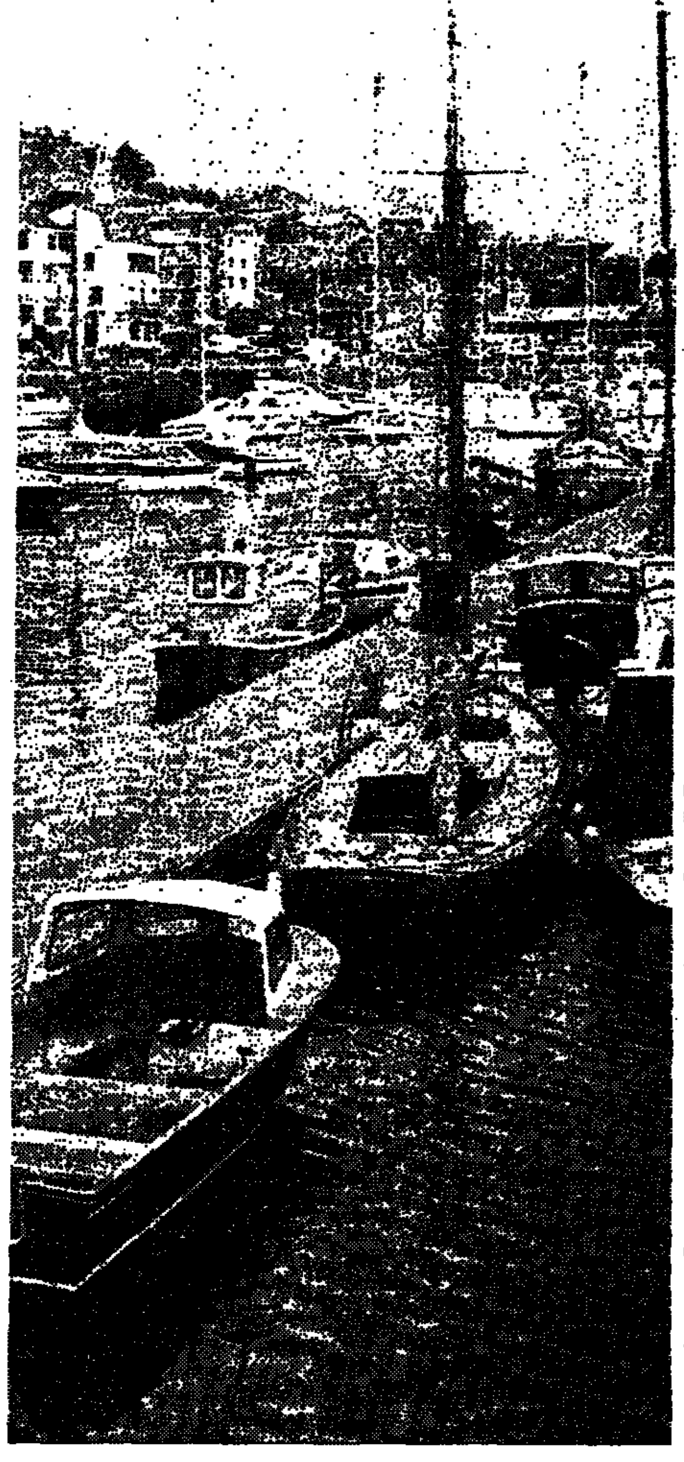
The credit squeeze has slowed housing market activity on Guernsey as elsewhere, and Merry says that in a market where the bottom marker on prices is around £90,000, buyers are just as cash-strapped as their mainland counterparts.

Existing owners are also reluctant to sell at a discount to asking prices that hark back to the top of the market a year or so ago. Subsidised housing loan finance helps a limited number of first-timers to enter the market each year, but there is a long waiting list for that.

As restricted supply keeps open market home values high, the sight of a quiet local housing market might tempt incomers to try to dodge the island rules. In practice, the tightened employment laws would exclude such buyers from the jobs market and in any event, as Merry says, it is too small a community to try bending the housing rules.

"Unlike the UK the completion of purchase of any property takes place in the Royal Court in front of the Bailiff, so buying is not a matter of a discreet transfer of deeds, it is a public transaction."

Incomers could, of course, marry their way into the local market. But Merry confirms that the residency rules make marriages of residential convenience improbable. "There are cases where people are granted compassionate leave to stay, but under the law you would lose your local market status if your partner died or if you divorced. You have to look after them."


Trevor Humphries
A little piece of haven: St Peter's Port on Guernsey

Balearics back in fashion

HOLIDAY HOME locations have their fashions. For years Spain's Balearic islands in the Mediterranean were a magnet for people in this market.

Ibiza attracted those with artistic leanings; Menorca those seeking a quiet background for family holidays. And Majorca attracted everybody else – but this, the largest of the three main islands, became a victim of its own popularity and package tourism ruled it out for many would-be purchasers.

For some while the Balearics have dropped back on the buyers' chart. It could be time for another look, for they now offer a wide variety of property. But in Majorca home-buyers are advised to head for the north and to leave the Palma region to the tour parties.

Here, on the eastern side of the Bay of Alcudia, is Betlem, a short drive from the old town of Arta. At Betlem The Creek is taking shape. This will be a village of 103 apartments on a four-acre site, built in blocks of two to four storeys with apartments of one to three bedrooms. It is all very colourful, with covered terraces, balconies and awnings for hot summer days. The aim is to make the place look as if it grew up naturally.

There are two swimming pools, one with a large inner whirlpool bath. There is a harbourside residential club, floodlit tennis and bowls. Two golf courses are within a 20-minute drive. Some 40 apartments are under construction, with 11 sold. Prices range from £90,000 to £175,000, with a £1,200 annual service charge.

The development is by Farmer Internacional SA, represented in the UK by the Kent-based Creek Partnership. Agents are Hamptons International (tel: 071-493-8222).

How are the developers finding the market in Majorca? "It is slower than we want it to be; slower than we thought," says partner Trevor Nicholson. "But we are making sales – to English buyers, German, Swiss, a Venezuelan." It is those people offering properties at £40,000 to £50,000 who are having real trouble, he said. Anything over £100,000 was "moving."

Hamptons also has a unique buy for the person who prefers an individual property. This is "The House of the Carob Tree," a 14th century manor house on the edge of the inland village of Binasalem. It was bought as a ruin six years ago by two English painters, who have restored it. It has a studio, music room, three reception rooms and seven bedrooms, a barn and two derelict cottages. Offers around £485,000.

The British company Taylor Woodrow has been associated with Majorca for nearly 30 years. The company is now building 40 flats to extend its Vistabella scheme at Na Taconera. This overlooks the bay at Font de sa Cala on the north east coast. Prices from £63,000.

Across in Menorca it is at work on Green Park Village, looking on to the fairways of Son Parc golf course and about ten minutes' walk from beaches. Here it is building the first of 100 two and three bedroom flats selling from £83,000. The price includes two joining fees for the golf club and free membership for two years. (Taylor Woodrow in the UK, tel:081-578-5757).

Then there is Ibiza. Domus Abroad (tel: 071-409-0571) acts as main agents for Grupo Glomond, which offers country villas and farmhouses in large plots on the eastern side. The properties are either converted or newly built. All are set among pines, almonds, fig and carob trees, slightly back from the coast but with sea views.

The firm belongs to German architect/builder Peter Gloger, who has been active in Ibiza for 20 years. He buys suitable plots as they become available and has built up a land bank. Often the sites have an old farm property on them which he renovates.

A three bedroom, two bathroom villa, 15 minutes from Ibiza town, has views to the island of Fomentera. It has a living/dining room with fireplace, the loft is a bedroom and sitting room; there is a kitchen, central heating, garage and swimming pool. Price: £255,000.

But how is the property market in Ibiza? You guessed it: "Very quiet."

Audrey Powell

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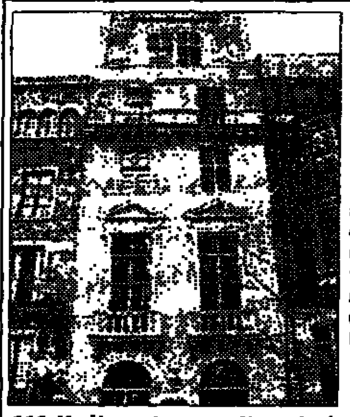
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GARDENING

Falling in love again . . .

Robin Lane Fox dreams of romantic plants with lax habits

GARDENING is back with a smile; the sun has been up early through the mist; snowdrops are everywhere and over-ambition is rampant.

My first job is to plant up a low, sloping bank which faces into the sun. Most gardens have one and make nothing of it: round the house, up the drive or where a raised bed hits ground level and walling has been too expensive. Perhaps slopes jolt the imagination, perhaps there is something deep in us all which pictures plants tumbling forwards, like the romantic, slightly out of control. You will not need me to remind you of the principle: if in doubt, put it in a bank and let it flop.

On a south-facing slope, my mainstay against weeds is Catmint. Last April we stuck small fragments of some ancestral Catmint on to a slope which was never watered for the next four months. They survived, pulled themselves together and are now set fair to cover the entire space.

One plant breaks into dozens of young pieces: it is cheap, convenient and almost indestructible. In June, the violet-blue flowers fall forwards, like waves breaking down the slope, but there is a less-recognised advantage too.

The bigger forms of Catmint fall forwards, many feet from their central roots. Before the great spread begins, you can plant early bulbs in front of the main clumps and enjoy two seasons in the same space. Small, early narcissi-like February Gold or White cheerfulness are admirable for this vacancy. In autumn, you have the satisfyingly easy job of cutting it back, it leaves you scented like a cat's dream. I have a friend who swears that the scent works, too, on women.

Between the rolling breakers of Catmint I turn to two particular evergreens, the first of which is the least familiar. Green-yellow flowered Bupleurum is spreading slowly through ever more nursery lists and I recommend it for any position from which it can fall forwards informally. The awful winter of 1981-2 flattened it, but I would call it a hardy plant in all but exceptional years: it came through the recent snow unscathed.

The next few weeks are a good time to track down young plants with their soapy green leaves. A reader tells me that there are Bupleurums on Madeira which grow up to 8ft high. Three or four feet is more usual in England for this August-flowering shrub. I think I believe him, although he also has sent me a check-list of unfamiliar performances, including a shrubby variety of Tobacco plant which grows 20ft tall. Apparently, it is out there waiting to alarm us in wild nature.

As a lower evergreen mound, I cannot do better than the hardy blue-flowered Ceanothus called Thyrsiflorus Repens. Within a few years this admirable defence against weeds has spread over several yards and formed a glistening evergreen cover. As so often, the lower-growing members of a family are the hardiest and I have not known a winter destroy this vigorous plant.

On bigger banks, I like to contrast it with a clematis which is more untidy in its habits. Clematis Jouiniana is becoming more familiar, but if you build it a low frame of peasticks you will find that it is twice the plant you expected.

From August onwards it covers itself in milky-blue flowers like small crosses. It is extremely easy and obliging and starts to flower when the best of the summer is over. The early-flowering variation called Jouiniana Praecox is even better because it starts to flower in July and continues until October.

It is not a good clematis for a wall because it prefers life as a mound or a tangle. It comes into its own on slopes, beside steps or as a feature on the top of a steep bank. Catalogues sometimes suggest that better-known climbing forms of clematis will flourish on the flat, if you stretch wire netting in front of them as a support. I find that Jouiniana beats them all because it is more vigorous and blocks unwanted weeds.

These blue-flowered plants are all very well, but the snapshot in all our minds includes roses tumbling forwards. In my mind they are falling downhill into a moat with water lilies on one of those hot afternoons which makes me thankful not to be a dog.

Carpeting roses have sprung back into fashion and rose-breeders have been developing them for small spaces and busy people. The dullest forms, I think, are named after birds, Grouse and so forth, as if gardeners are reduced to game-covers.

I would ignore them all, because I much prefer a dull-flowered white rose called Swany. It never exceeds 3ft in height but it will fall down a slope or over a low wall without becoming uncontrollable. It also flowers twice in the summer.

Peter Beals of Appleborough, Norfolk, is supplying me with Swany, although many other nurseries list it. I am combining it with my other favourite among Catmint, Rose Pearl Drift. This small-flowered variety turned up in the 1970s and has a pearl-grey tinge to its masses of small flowers. It is not too romantic to say that it likes to drift rather than stand awkwardly for attention.

These two modern forms are healthier than any of their old-fashioned rivals. Many people will tell you that the old Rose Raubritter is the one for slopes and flat spaces, but I have always found that it has old-fashioned habits: it catches mildew and its rounded, pink flowers go a beastly colour when the weather is too hot or too wet.

My general plan is that the Catmint will smother the weeds, the evergreens will make a contrast throughout the year and the roses will look romantic without being troublesome. If the ground is properly clean when you plant it, you should not be bothered with weeds as soon as these strong plants have knitted together.

Or so it seems as a new season starts, framed with this optimistic prospect. Let us fall forwards and wait to see what Mother Nature has up her sleeve to test us.

The sub-tropics of Tresco

Arthur Hellyer admires the thinking behind a famous Scilly Isles garden

TRESCO, third largest of the Isles of Scilly, is famous for its sub-tropical flowers. Why do I not say Tresco Abbey Garden, which is where the flowers are set to grow? Because long ago many of them began to stray out of the garden and to naturalise themselves much more widely, and also because the title of Ronald King's book, *Tresco. England's Island of Flowers*, by far the most comprehensive on this subject and just republished in paperback by Constable for £5, very rightly suggests this wider distribution.

You begin to see exotic plants as you approach the island by boat and, whether you land at New Grimsby, Old Grimsby or the jetty at Crow Point, you wend your way through them as you walk to the Abbey Garden, which is sheltered a little on the south side of the highest ridge in the island, with a freshwater lake just outside it.

Ronald King has an extraordinary story to tell. It concerns not only a unique garden but also the achievements of five generations of one family in making and sustaining it and also transforming the fortunes of all the Scilly Islanders.

It starts with Augustus Smith, who was born in London in 1804 into a rich family. Early in life he became concerned about the plight of the poor and sought means to improve it but the obstacles he met with in his home county led him to look further afield. Hearing that the Duke of Leeds was about to give up his lease of the Isles of Scilly he decided to acquire it. After some initial setbacks, he succeeded in doing in 1834 on a 99-year lease at an annual rental of £40.

The islands had been mismanaged for centuries. The standard of living and the education of the islanders were poor and Augustus Smith set about improving these things with so much zeal and authority that he soon became known as "the emperor." He also decided that he would live on Tresco and would build himself a house there on the site of an ancient abbey, now a ruin. He also planned a terraced garden on the steep south-facing slope and the flat land at its base towards the lake.

In design this is quite a conventional garden in the fairly formal style that was then fashionable in England. What made it become increasingly remarkable was the range of plants Smith discovered could be grown in the open. This was thanks to the exceptionally equable climate of the Scilly Isles due to their situation in the flow of the Gulf Stream Drift.

Because of this range, and also due to the success of the islanders in growing daffodils and other cut flowers out of doors and marketing them very early, it is widely believed that the climate is idyllic. In fact it is not at all. Winds can be terrific, rain can be blown almost horizontally, the temperature rarely gets above the mid-60's F and the sea temperature is likely to be in the low 50 F range, yet there is seldom any frost.

For plants wind is the main problem and Smith gradually solved this, at first with quite low-growing plants such as gorse and later with trees including elm, sycamore, oak and poplar. However, the wind problem was better dealt with after his death in 1872 when the Monterry pine (Pinus radiata) and the Monterry cypress (Cupressus macrocarpa) began to be used in quantity, especially on top of the ridge.

Nevertheless, by 1872 the garden already contained 111 species of permanent or semi-permanent plants representing 74 genera from many parts of the world including North and South America, South Africa, Asia and Australasia.

Augustus was succeeded by his nephew, Thomas Smith Dorien. Augustus had stipulated that his heir must adopt the name Smith so for a while Thomas called himself T.A. Smith Dorien Smith. Later the first Smith was dropped and the four succeeding owners have all been known simply as Dorien Smith.

All in their different ways have increased the range of plants grown in the garden which by 1960 had reached 4,000 species, a considerable proportion of which come from the southern hemisphere.

This trend is in considerable measure due to the third owner, Major Arthur Dorien Smith, who was keenly interested in collecting plants in the wild, particularly in Australasia. As a result Tresco Abbey Garden probably now has the finest collection of Australasian plants growing anywhere in the British Isles.

His father's name is indissolubly linked with the expansion of the cut flower trade which probably had its origin in 1867 when Augustus Smith told William Trevithick that he had received £1 for a small box of cut daffodils sent to Covent Garden Market. In 1885 Trevithick reported that nearly 40 varieties of daffodils were being grown for cut flowers, of which the multi-flowered Narcissus Soleil d'Or took the lead followed by White (presumably what we now call Paper White) and Grand Monarque.

T A Dorien Smith worked long and hard to improve this profitable trade and to search for new and better varieties and for other bulbs that might be grown in the Scilly Isles for the cut flower market.

Today the Isles of Scilly have a thriving tourist industry for which Tresco Abbey Garden is a leading attraction even for those who know little or nothing about its rare flowers. Rónald King's book provides a marvellously complete and painstakingly-researched account of its creation and expansion. Many of the pictures are reproductions of paintings, mainly of individual plants, made between 1873 and 1883 by August Smith's sister, Frances le Marchant. These are being published for the first time.

Palm trees and peace in a quiet corner of Tresco Abbey Garden

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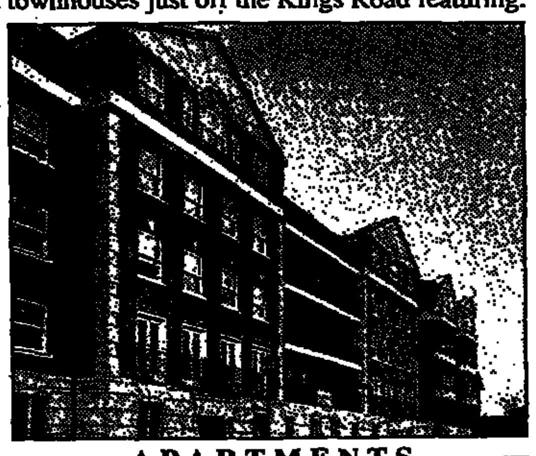

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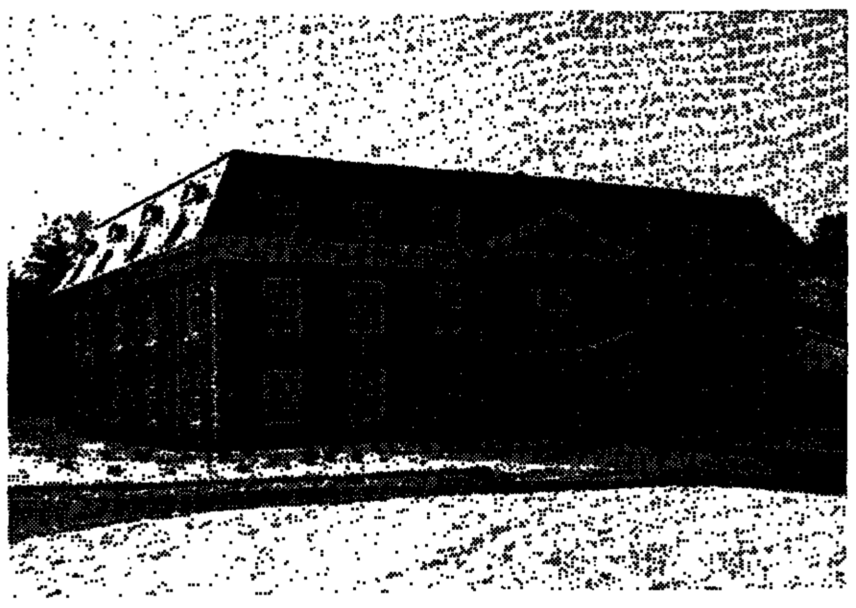

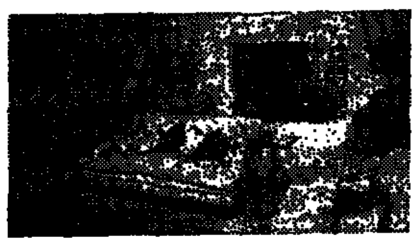

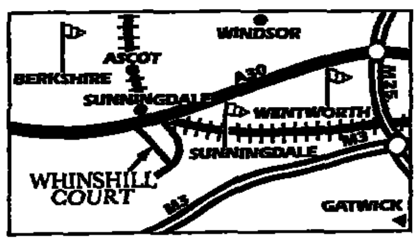

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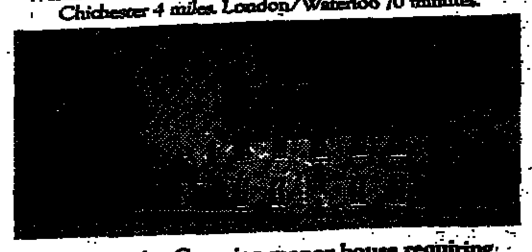

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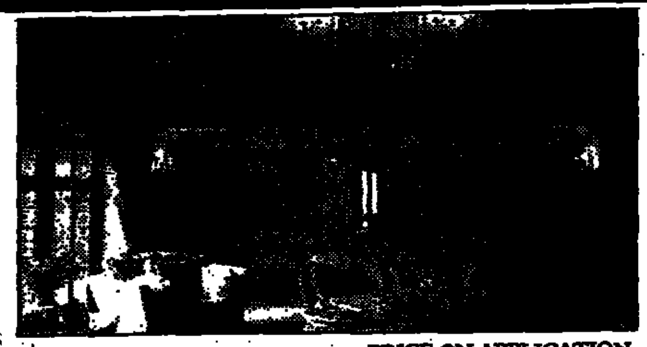

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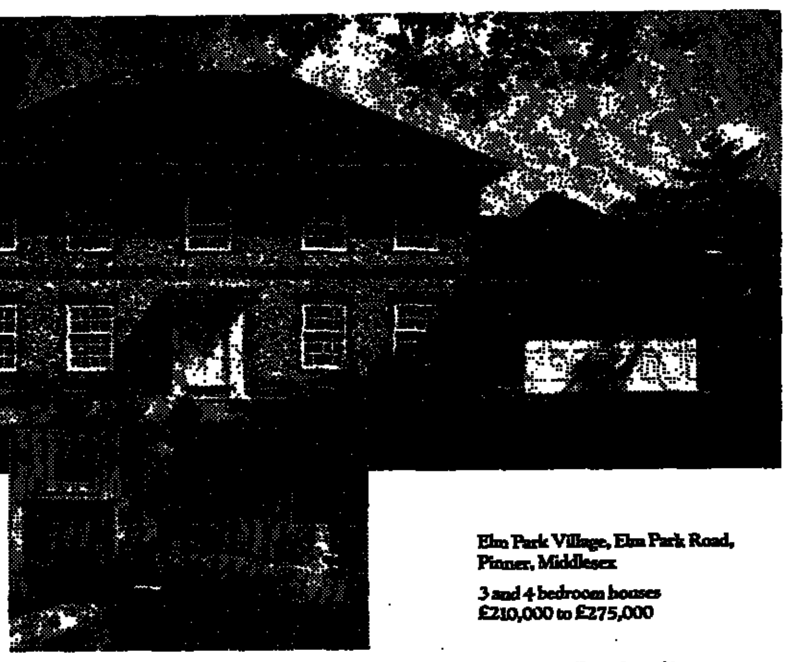

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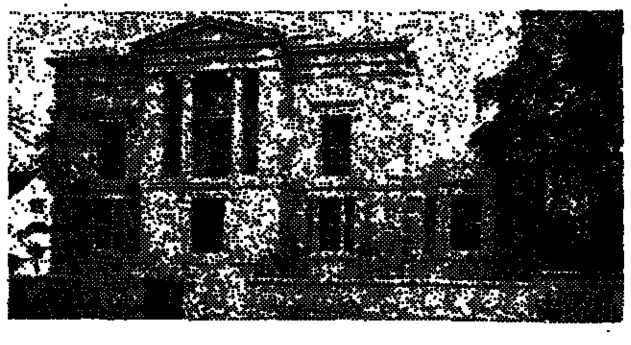

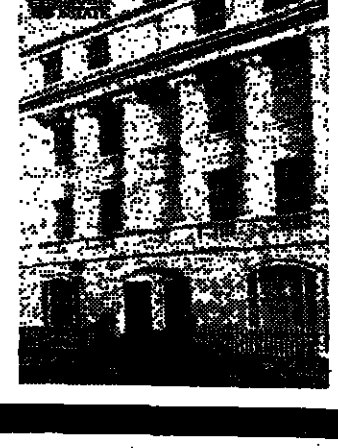

19 HANOVER TERRACE, REGENT'S PARK, NW1
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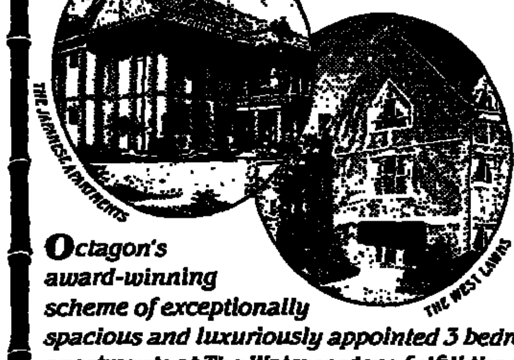

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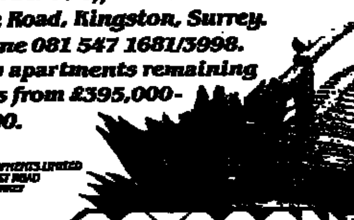

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ARTS

Gambling on the government

ONE STRONG tip for this month's *Budget is* a move towards a Government approved lottery with the arts among the beneficiaries. How the money raised will be sliced up is *certain to lead* to fierce controversy but the principle seems to have been accepted, not least by the Arts Minister, Tim Renton.

Only such a substantial source of new revenue, which, judging by continental experience, could raise £2b a year with the *arts* gaining up to £500m, can solve the heritage problems currently confronting the Minister. The queue of national treasures waiting to be sold abroad has reached epidemic proportions: the Three Graces by Canova; the Badminton cabinet; Constable's painting of "The Lock"; and now the Middleham jewel, *a rare 15th* century reliquary with romantic Wars of the *Roses connections*, are just the most visible masterpieces apparently destined to be cashed in overseas.

The public outcry is minimal with only Simon Jervis at the Fitzwilliam in Cambridge making an effort, raising a plucky £2.3m towards the £8.7m needed to save the Badminton cabinet. The general apathy is easily explained; between them these four *objects* are valued at over £30m. The National Heritage Fund has *an* annual grant of £12m and is currently more concerned to safeguard threatened areas of natural beauty rather than works of art; the annual purchasing grants of the English museums total £9m.

The Government is not going to raise its subsidy to the levels needed to keep such treasures in the UK. The only three *possible* alternatives are a list of un-exportable national treasures (the German approach), which would halve the market value of any work of art included and be a crippling blow to *owners; more tax breaks for givers* of art to the nation (which is implacably opposed by the Treasury); and a lottery.

Hence the sudden lobbying for such a venture. It would be too late to save the Three Graces, etc., but they would leave making a point. Once the concept is accepted its scope is boundless; some of the revenue raised could be spent on massive *endowments to such problem* areas as the Royal Opera House, Covent Garden. *Giving it a one off* grant of £100m and denying it any *more public funding might appeal* to all concerned.

*

Take a Gulf War, throw in a recession, *add snow* and IRA threats, and you have a recipe for box office *disaster* in the West End. Who is able to get to the theatre against these odds?

Well, quite a few people really. Despite all the scare stories 1990 proved to be the best year ever for the West End, with attendances topping 11m for the *first time and* gross box office revenue approaching £170m. In the *summer the* theatres were really booming, with *attendances 8 per cent higher than* in 1989. There was a fall in the last quarter but when the final figures are released they seem certain to show an improvement on the 10.9m tickets sold of 1989.

There has undoubtedly been a decline in American tourists but this has been the trend for some time. In 1985 foreign visitors made up 42 per cent of the West End audience, and over half were American. By last summer the overseas contingent was down to 32 per cent. The slack has been taken up by locals – not so much the young, but that traditional backbone of *Shaftesbury Avenue, the middle*-aged and the middle-class.

The surprise is that 1991 has started off quite well. George Biggs of *Maybox*, which has six theatres currently busy, says that his box office figures for the past two weeks are ahead of 1990. "I dreaded looking at the takings for the Monday night when London came to a halt after the Victoria bomb but they were higher than the previous Monday". There has been a slight slow down since the half term fillip but the theatre, and the cinema, seem to be recording good business while restaurants and hotels suffer.

The British Library, the largest and the most expensive public building to emerge this century, is on course *to becoming a monumental artistic* fiasco with the Government exposed *as small minded*, parsimonious and Philistine. Although the project will cost at least £450m, little attention was paid to the decorative look of the place.

The last Minister for the Arts but one, Richard Luce, took a keen interest in museums and was worried by the lack of imagination shown in the artistic trappings of the British Library. He promised that money would be forthcoming to be spent on highly visible and monumental commissions. Two leading artists, Eduardo Paolozzi and R.B.Kitaj, were asked to produce major works.

But a change of Arts Minister, and bureaucratic caution, have ensured that the money may not now be available even though the artists are well advanced on their projects. The committee set up to *approve art for the Library seems to* be unaware of this Governmental back-sliding – this month it approved Anthony Gormley's ideas for a series of abstract shapes.

The original ambition to invest over £1m in art seems highly ambitious now that there are qualms about spending £250,000.

Antony Thorncroft

Milwaukee's hidden treasure

***Homan Potterton** on why an unknown Van Gogh is being auctioned in Chicago*

AS A picture by Van Gogh, the "Portrait of Dr Gachet" sold at Christie's New York for $82.5m last May, holds the auction record for any work of art one would have imagined that the chances of anyone owning a Van Gogh and not bothering about it would be fairly slim. *Fortunately*, that is exactly what the Chicago auctioneers, *Leslie Hindman*, thought when they went looking for art in Wisconsin last summer. Spotting a small painting of a vase of flowers on the *walls of a family* home and noticing that it was signed with a large red *capital "V" in the* bottom left-hand corner, they were convinced it was by Van Gogh. So were the elderly couple who owned the picture: they had always known it as their Van Gogh and it mattered little that it was not in any of the books about the artist or that it was unknown to the world at large. They had inherited it about 30 years ago from an uncle who had emigrated to the US from Switzerland at the outbreak of the last war.

Although Van Gogh only really painted for a decade – from 1880-90 – he managed to paint a great deal and by now most of his very substantial corpus has found its way into museums or famous private *collections*. When his works come on the market *they are generally well-known paint*ings which realise very substantial *prices. Six of his pictures sold at auc*tion since 1987 – at Sotheby's or *Christie's* in New York or London – have each fetched figures in excess of $20m.

Facts like these, however, do not necessarily impress retired middle-class couples living in Milwaukee and when Leslie Hindman and her team came along the *owners* of the "Van Gogh" *decided* that she, rather than *Sotheby's* or Christies's, should be trusted to sell it. Hindman showed it to a *few* experts in America and eventually sent it to Hans van Crimpen, Senior Research Curator at the Rijksmuseum in Amsterdam and one of the world's authorities on Van Gogh. Back came the reply: "After viewing the flowerpiece closely and comparing it with similar paintings in our collection, it is our opinion that on the grounds of style, composition, brush strokes, and coloration the 'still-life with flowers' is indeed an authentic painting by Vincent Van Gogh."

"It was unbelievable . . . amazing," Leslie Hindman still insists.

The *picture*, on canvas and measuring just 16 by 13 inches, dates from 1886 – shortly after the artist moved to Paris – and is similar to other *flowerpieces which be painted in* those months. Red carnations, phlox, *and other flowers are depicted* with thick, thick paint in a blue and white *vase against a background of deep* blue-green.

With a very modest *pre-sale* estimate of $500,000-$800,000, Hindman *will auction* the work on *Sunday* March 10 as part of its three-day general sale that also includes furniture, decorative arts and jewellery. It will most probably be the most expensive item that the rapidly-expanding auction house has ever had on the block, although a Modigliani "Portrait of a Young Girl" being de-accessioned by the Cincinnati Art Museum is estimated at *$700,000-$900,000* in the same sale.

Leslie Hindman, a disarmingly approachable but businesslike 35-year-old, was once Sotheby's representative in Chicago. When she saw millions of dollars' worth of art and antiques being shipped from the Midwest for sale in New York each year and about the same amount being purchased in New York by Mid-western collectors and dealers for shipment back again, she decided *to do* something about it. Aged 27, she set up her own art auctioneering firm. She produced attractive Sotheby-like catalogues, published pre-sale estimates, had week-long viewings for sales, and tutored Chicagoans in the niceties of bidding by paddle. When her small specialist staff were uncertain about any object, they consulted outside experts – *even when* such experts lived in Amsterdam. She acquired her own auction *rooms*, and her professionalism and the courtesy with which she treats clients has *paid* off: her turnover has gone from about $2m in 1982 to well over $10m in recent years and this year it is expected to . . . *well, who knows? That* depends on Van Gogh.

Hindman holds about four or five "Important" general sales a year. Top *lots in last year's auctions included a* drawing by Gainsborough ($115,000), *another by Samuel Palmer ($170,000)*, and an early 19th century Austrian *flowerpiece in oils that went for* $44,000 against a pre-sale estimate of $7,000-$9,000. A specialised sale of "Important 19th and 20th Century Architectural Objects and Designs" included the sort of items one would expect to find in Chicago: lots of Frank Lloyd Wright and some drawings and other fragments by Louis Sullivan. In her forthcoming sale there will be objects as diverse as a Frank Lloyd Wright table that was designed for the Sherman M. Booth residence in Glencoe, Illinois, in 1915 (estimate $15,000-$20,000); a collection of 19th century French bronzes by such sculptors as Barye, Mene, and Fremiet; a 6.89 carat diamond ring (estimate $40,000-$50,000); and an extensive collection of Chinese pottery that includes a T'ang equestrian group (estimate $60,000-$80,000). There are also several pieces of good English and American furniture.

And are Mr and Mrs Everyman from Milwaukee wise to entrust Leslie Hindman with the sale of their Van Gogh rather than send it to Sotheby's or Christie's in New York? Probably. In all likelihood they have heard about the painting by Jean-Leon Gerome which Hindman sold last May for $286,000. Five months later, when it turned up at a Sotheby sale in New York with an estimate of $400,000-$500,000, it was bought-in at $260,000.

Unbelievable? Amazing? Not really.

'Still life with flowers', to be auctioned by Leslie Hindman on March 10

Radio

Serial secrets

A WORD more about Radio 4's little serials I mentioned last week. Tuesday's *The Secret Life of Rosewood Avenue*, by Stephen Sheridan (winner of a *Radio Times* comedy award) keeps its comedy pretty brash. The Rev Timothy Carswell (James Grout) is mugged in his East End parish, so he is given a quiet living at Rosewood Avenue. His first sermon is four-and-a-half hours long, detailing 972 ways to make services more exciting. By the end of the first programme, the doctor's surgery has been burnt down and Carswell has been charged with uttering a forged £10 note. There are a sinister landlady, doctor and two old ladies. Take it from there.

Ken Blakeson's *September Song* on Thursdays looks more humane. It centres on Billy, a comic fellow who works at the pub and has thespian ambitions; and Ted, a schoolmaster who is discreet in his analysis of Byron's "So we'll go no more a-roving" for the children. Ted has a lame, drinking wife, helpless in hospital by the end of this first chapter. A bit more in this, I think. Six to come.

Then there is *Murder Most Foul* – a series, presented by Nick Ross, rather than a serial. The subject is indeed murder, and the first murderer was brought to us in *The Major, the Scone and the Dandelions* by John Scotney. He was Major Armstrong, the lawyer in Hay-on-Wye who murdered his wife with arsenic bought to keep the weeds down in his garden. This was the third tale *out of* a worthwhile six.

The Forsyte Chronicles, the mother of serials, ends tomorrow, but it will be succeeded at once by another serial, an adaptation of H.E.Bates's *Fair Stood the Wind for France*. This will only be in three parts, though. If anyone has a version of *A la recherche du temps perdu* in his desk, now is the time to bring it out.

Since I seem totally involved in Radio 4 drama this week, some notes on two more items. On Tuesday afternoon, we had a tangy half-hour, *The Druid Queen* by Donald Jonson. Two amiably perverse 12-year-old girls leave their fun of feeding bluebottles to spiders and induce a 12-year-old boy to join them in the Druid "temple" they have thought up around an altar-like stone. What Terry (Charlotte Colman) actually does to Martin (Jonathan Reisel) by way of "sacrifice" is as enigmatic as Ted's explanation of Byron, but the whole show was provocative, and well played under Tessa Kendall's direction.

The Monday Play was *Writing Fiction*, by Caryl Phillips, who has won a Giles Cooper award, but won't win anything with this. Larry is a writer with an eight-year block after six novels. He teaches writing to make a living – how writers should live through a block, perhaps; and there among his students is Sarah his wife, who has left him for his intolerable behaviour. Writers should write only carefully about fictional writing. As Larry's retired agent says, you get more interested in being a writer than in writing. Even Stephen Moore couldn't make Larry engaging, even Richard Wortley's direction.

On Sunday, Radio 3 gave us Alan Bennett's revised version of *Kafka's Dick*. few In the house of Sydney, an insurance agent in the North, a resurrected Max Brod arrives, followed by a resurrected Kafka. Kafka had asked Brod to destroy all his works and not to write a biography, both of which undertakings he ignored. Kafka's father also appears, demanding posthumous affection. *Sydney's wife* Linda talks with Kafka about *marriage. Sydney is writing* a piece on Kafka for his house journal, and this new experience will be valuable – "If Kafka isn't a saint, I'll be famous." It was all hilarious. Kafka's dick was only a small item in it.

The Radio 4 debate, at the LSE, was about class. There was difference about what "class" meant, means or family or taste. Even Paul Foot, who wound up for the opposition, couldn't make it stimulating; but for the record, the motion that "Britain is rapidly becoming a classless society" was defeated by 16 votes to 99.

B.A. Young

Drawn to Irish imagery

*Recognition of Jack Yeats is long overdue, says **William Packer***

JACK BUTLER Yeats is that characteristic figure of Modern British Art, a true original whose peculiar quality and substantial contribution are yet to be fully realised. He died in 1957 at the age of 86, high in the regard of *a narrow coterie*, as he has more or less remained. His work *has been rarely shown*, let alone in any significant *quantity*. He still enjoys reputation more by lip-service than actual knowledge, forever the talented younger brother of the poet, William.

I say "Modern British" advisedly, for while the two Yeatses, poet and painter alike, stand for Ireland and the dream and myth of Ireland, both were working in the mainstream of contemporaneity. And yet, in direct contrast to his brother, Jack's Irishness has been if anything a doubtful asset, serving more to limit him by the special pleading of nationality, than by his particularity within any broader European *context*. He moved quite as much as did his brother *through the great cosmopoli*tan world of art and literature, *friend of* Synge and Beckett and Joyce. Yet, while Ireland in all the *complexity of its his*tory and politics was the very *stuff* by which the work of his brother became available to the world at *large*, *for* Jack Yeats it seemed to consign him to the rim of the western world *and the very edge of its affairs*.

The exhibition that Stephen Snoddy has put *together for* the Arnolfini at Bristol (until *March 24, then on to the* Whitechapel and the Gemeentemuseum at the Hague: sponsored by AIB Bank), is therefore all the more welcome for *being so long overdue. The pity* is only that it has come so late: it would have been timely 10 years ago with the sudden general *reversion to a figurative* expressionism. After a decade *of the overblown and the inept*, to come upon Yeats now is a *revelation* and *a delight*.

None of the canvases is what *we would now call large, many* are tiny, but all are possessed of a true grandeur, that inner scale that works directly on the imagination, larger than *life, and* as large as may be. The unthinking recourse to the *huge canvas – and what stu*dent is there nowadays but must cover his 10' x 8' to count himself a man? – could hardly *be more cruelly exposed for the* formal cliché it has become. Furthermore, Yeats was ever a fine and vigorous draughts*man, who first made his living* as an illustrator and long continued as a contributor to Punch. His work was founded in the close study and observation of the visible world, and in the technical discipline by which any imagery might be resolved. With Yeats, no matter how vigorously abstracted the painting might become, the underpinning of sound drawing keeps it always close to recognisable experience.

This is, however, no full retrospective, for it addresses itself only to the later paintings, the work of Yeats's last 30 years or so. The significance of this divide is that in the mid 1920s the expressionism always implicit in his work became more generalised and overt, which was to remain its consistent character to the last, a point neatly made by the unchronological hang. And with this more generalised quality, the imagery less specific, more absorbed within the *fabric of the surface as a* whole, so the subject-matter takes *on* more general and symbolic a character.

*The prancing horse of race*course and fair becomes high-flown Pegasus, *stuff of* myth and romance. Sometimes *Pegasus* is a racehorse still, just as Yeats's tinkers and *travellers may sometimes seem* to take on the more ambiguous *quality of gods or heros. The* duality is both peculiar to Yeats and yet oddly Irish, a *sensibility common to his* friend and sometime collabora*tor, James Synge. To transcend* the ordinary with the unself*conscious flight of fancy* is a great gift. "You should have had great people in your family, I'm thinking", says Pegeen to Christy, "with the little, small feet you have, and you with a kind of a quality name, the like of what you'd find on the great powers and potentates of France and Spain."

So might Yeats's travellers talk together on the high road beneath the mountain towards the western sea. It is beautifully done.

Detail from 'Storm Blowing Itself Out' by Jack Yeats: oil, 1945

Folk music given a skirl

THE MELANCHOLY skirls that open the first song on Sting's latest album *The Soul Cages* will have introduced the sound of Kathryn Tickell's Northumbrian pipes to a wholly new public. *But as her concert with* her band in the Purcell Room on *Thursday showed, at 24* Tickell already has a faithful and enthusiastic *following in* the folk roots movement; no doubt too the South Bank audience contained its fair share of displaced Geordies, on the look out for a quick fix of nostalgia.

For the sound of these pipes, as the Sting album exploits only too well, is implicitly nostalgic. The English bagpipe tradition has been *sustained* only in the North-East, and the *Northumbrian small-pipe*, bellows-driven with three drones and a *chanter, is an indoor* instrument, gentle and refined, *entirely lacking the acidulated* wail of its Scottish cousins. Tickell's gentle proselytising, mixing traditional tunes, garnered from Irish and Scottish folk music as well as from the North-East itself, with her own new material, has proved that the instrument has an appeal beyond the more *earnest* backwaters of the folk movement.

The *Kathryn Tickell Band* is an unpretentious four-piece, with two guitars and accordion alongside Tickell herself, doubling on bagpipes and fiddle. Her fiddle playing, grounded in the Shetland fiddle style, is almost as commanding and impressive in its own right, and the group is always *careful* not to step outside the bounds of *folk propriety. Though the* instruments are gently amplified, and the bass is *an electric* one, the sound is nicely con*tained; the rhythms are* springing, buoyant, the textures *lucid*.

Leavened with plenty of easy-going banter from all the members of the band, *it seems* an innocent enough mixture, *for Tickell wears her virtuosity* lightly. She is, though, a *remarkable* young musician, a conscientious traditionalist who realises the necessity constantly renewing that tradition and who has carved out a distinctive niche for herself. Were she a Japanese folk musician, she would doubtless already be designated a National Treasure; here *she just keeps on* playing the circuit.

Andrew Clements

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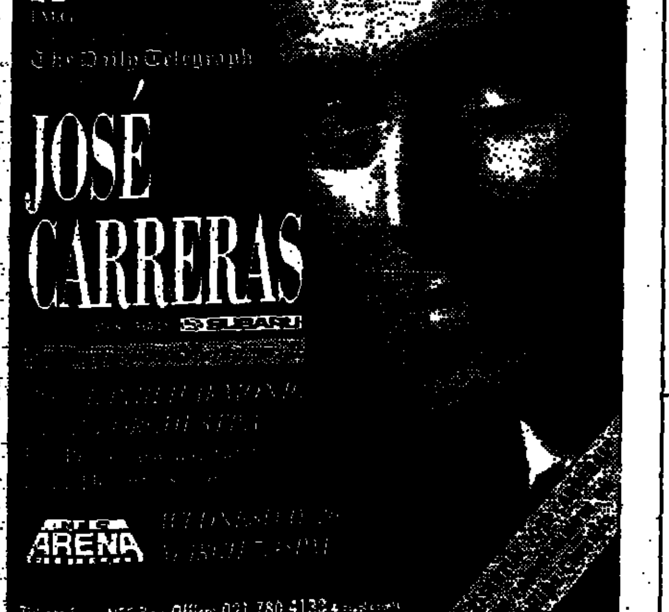

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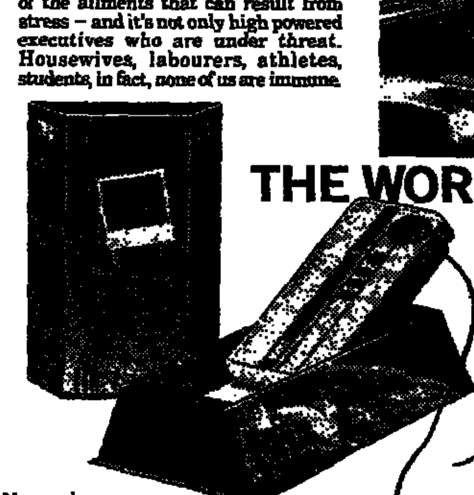

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Tsars shine on the South Bank

*From film to Fabergé: **John Whitely** on Russia's Silver Age*

ONE OF the biggest exhibitions of Russian art ever seen in this country will open next week at the Hayward Gallery in London. According to the show's consultant, David Elliott, it will set the agenda for such exhibitions throughout the next decade.

The Twilight of the Tsars will be the first full exhibition to be held anywhere of Russia's Silver Age, the period of an unprecedented flowering of Russian arts and crafts between about 1895 and 1910 which led on to the abstract avant-garde but was then swallowed up by the Revolution and its aftermath. "There is a sense of discovery of this period," says Elliott. "No one has ever undertaken a proper examination of the Silver Age, even in Russia itself. In spite of its association with the last Tsar, most of the work was preserved through the revolution and the Stalinist Terror. But almost none of it has been displayed until now."

Sir Peter Ustinov, the great-nephew of one of the artists, Alexander Benois, who will open the exhibition on March 7, explains how it survived: "Russians have always had an enormous respect for history, even history that is controversial. They tend to make saints out of their writers and artists and there is a special breed of people, usually women, like vestal virgins, who devote their lives to ferociously guarding the material."

The size and scope of the show, with over 650 items ranging from huge oil paintings and films to furniture and Fabergé jewellery, make it one of the most ambitious to be mounted at the Hayward. Only the catalogue is still incomplete.

The overall cost of mounting the show may reach £200,000, but the organiser Andrew Dempsey says the the complicated nature of the deal makes it impossible to estimate. "It has all been done so quickly that there was not time to find a sponsor. The Russians really could not pay for it so we asked them just to pay for photographing, collecting and shipping all the material. And we agreed to frame all the 400 works on paper ourselves – an extremely expensive business." All the furniture has to go in special cases, as do the delicate earrings and enamelled spoons and vases from masters like Fabergé and Artel and the 70-odd books.

The organisers expect the show substantially to alter perceptions of the modern movement by providing conclusive evidence that in an astonishingly short period Russian artists worked their way through the whole range of styles that the west had laboured for decades to develop. Primitivism, Arts & Crafts, Art Nouveau, Secession, the neo-Gothic and Symbolism were adapted to the Russian ethos regardless of chronology so that often artists would be working in two quite different styles in the same period.

A driving force of the Silver Age was the conviction that art and craft were indivisible: artists worked as architects and craftsmen as well. "They were profoundly influenced by Ruskin, William Morris and the beliefs of the British Arts & Crafts movement," says Catherine Cooke, architecture adviser to the exhibition. "They associated it very much with the political liberalism that they were seeking and there was quite a cult of the English gentleman, everyone strolling round Moscow and St Petersburg in tweed suits." There are hardly any famous names – Diaghilev, Malevich; most of the artists were instantly buried in the rubble of the Revolution and have had to wait for glasnost to be exhumed.

Portrait of the poet Anna Akhmatova in the Twilight of the Tsars exhibition at the Hayward Gallery

The great discovery of the exhibition is expected to be an architect, Fedor Shekhtel (1859-1926), known in the West mainly as a close friend of Anton Chekhov. On the evidence of this show he seems to have combined the pioneering impact of Charles Rennie Mackintosh with the prolific practice of Colonel Seifert. At his most active between 1895 and 1905, Shekhtel designed a staggering quantity of houses and offices for Russia's enlightened merchant princes in a bewildering variety of styles, from Gothic to Cubist to Art Nouveau. Many of these buildings survive, says Cooke, though it was not always acknowledged that their first inhabitants had been cultivated capitalists: "One house became the Gorky Museum, but no one would admit that a financier had lived there before Gorky."

Of Shekhtel's most extraordinary and successful venture, however, nothing survives. This was the building of a folkloric Russian street in the centre of Kelvingrove Park, Glasgow, for the International Exhibition of 1901. "All the material and the workmen were shipped over from Russia and then home again," says Cooke. "It caused a tremendous stir. The whole event was very good for Russian exports, too." A scale model of one of these buildings, with its vivid original colouring, is being specially made for the exhibition. It seems likely that this will be presented later to the State Museum of Architecture in Moscow where so many of the newly acclaimed master's drawings are preserved.

Discoveries of equal importance are promised by Ian Christie of the British Film Institute, who is programming videos of some of the very first Russian films in a semi-reconstruction of a cinema of the period. These films only came to light in 1989 and Christie says the features by Evgeni Bauer (1865-1917) prove him to be "an outstanding figure, quite as important as Eisenstein." There will be ten repeated programmes including comedies, newsreel and animation.

Dempsey's concern is as much for future customers as for past heroes: "We rather hope that once they see it the Russians might want to mount it at one of their museums."

A 'Figaro' in need of Mozart

IN THIS year of Mozza-mania, it's good to have not only a new production of Mozart's *The Marriage of Figaro* (Andrew Clements reviewed David Freeman's staging for Opera Factory in Monday's paper) but also one of Beaumarchais's. How often, however, it seems that no-one has ever understood Beaumarchais as well as Mozart – who wrote his opera only two years after the play's public première. The opera is alive to the play's timing, intrigues, farcical cross-weavings, jealousies, frustrations, class tensions.

Watching Lou Stein's production of Ranjit Bolt's new English version of the play – as when I saw the Comédie-Française staging 14 months ago – I couldn't help missing Mozart. Or rather I wished again that all Beaumarchais directors would take more hints from the opera. The Comédie-Française staging was elegantly insipid; this Watford one is vapidly jolly.

The play can never have been speedier than at Watford. Whereas, as Jackie Wullschlager observed in a recent review here, the Comédie-Française staging lasts some three hours and a half, this takes just two hours and a quarter. Bolt – not only translator but also, and in no uncertain terms, adaptor – omits Bazile and all the smallest roles. (It's Bartholo, returning, who makes the Count hide behind the armchair.) The text has been taken in by nips and tucks everywhere; numerous lines have been reapportioned; the juicy role of Marzelline – quite a star turn in Paris – has been squeezed down into desiccation.

It's plain that Bolt, always a wittily colloquial translator, relishes Beaumarchais's satirical intelligence as he did (in *The Liar* and *The Illusion*) Corneille's. But he goes overboard on slang: Figaro's "Tu boiras donc toujours?" becomes "Are you always rat-arsed?" He's changed the whole sense of several incidental lines to suit his own humour. And it seems that a whole play of prose was too much for this inveterate rhymester, for he has taken the odd step of turning Figaro's long last-act soliloquy into rhyming couplets. In this version, the play rattles along like a jolly little period farce that opens out towards the end to make some surprisingly strong remarks on relations between the sexes and the classes.

Things begin well, with a striking musical contrast tension between baroque harpsichord music and Spanish music, stagehands in stiffly formal period attire and a set that deftly hints at an already spoilt *galerie des glaces*. I presume Stein, as director, is to blame for the fact that everyone, in a potentially strong cast, acts in an arch, lightweight cartoon manner, as if to say "Don't believe this silliness." Beaumarchais's most original character, the ambiguously erotic thirteen-year-old pageboy Chérubin is woefully misconceived. Simon Schatzberger, with a big adult nose, too much eye-liner and a voice squeezed up into fake boyishness, plays the little Don-Juan-to-be as one-fifth Peter Pan, four-fifths Adrian Mole.

Sylvester McCoy's dapper little Count is amusing, especially when improvising a fandango while looking for the pin he's dropped – but this, the play's most interesting character, the repeatedly frustrated Count, is here diluted into undisturbing foppishness. As Figaro, John Bowe comes off best – charming, naughty – but too coarse as well. Sarah Payne, a radiantly pretty Suzanne, has sugary vivacity; Kate Buffery, a tall and elegant Countess, shows neither all the role's outward propriety nor its private humiliation; while Emma Amos and Mary Macleod have been encouraged to play Fanchette and Marceline as stock types – dumb blonde and old frump.

Poor Beaumarchais! Where is his play's eroticism? its class tensions? its individuality of characterisation? In an important Beaumarchais essay for *The New York Review of Books* in 1998, Charles Rosen called this play "a masterpiece and perhaps the finest play of the 18th-century." To which this Watford staging seems to reply "Oh, come off it."

Alastair Macaulay

Operatic Twelfth Night

SIR PETER Hall's production of *Twelfth Night* at the Playhouse Theatre is remarkably pretty to look at. The dominant colours in the set are red and green: a tree with bright red apples, the windfalls lying on the grass. Nature spills over into the costumes. Sir Toby Belch appropriately has more than a touch of red about him. There is also the black and yellow of Malvolio.

Other characters are more flaxen. This is late summer or very early autumn. The Playhouse has a very tall stage which lends itself well to this display of colour schemes. There is a shade of opera rather than drama to the production.

Otherwise, this *Twelfth Night* is uneven. Since Sir Toby is played by Dinsdale Landen and Sir Andrew Aguecheek by Martin Jarvis, those performances at least are very professional. Their singing and drinking scenes are outstanding. The best of the bunch, however, is Feste, the Fool, played by David Ryall. He is older than you might expect, and also wiser. This is the first time that I have seen the Fool as the central figure in the play.

The main weakness among the performances is Sara Crowe's Olivia. Ms Crowe is the actress who recently played Sybil alongside Joan Collins's Amanda in Noel Coward's *Private Lives* and was widely praised for making so much of the part. Here she is a pouting, petulant spoiled child who looks and talks like a dumb blonde. Since we know that she can act and speak perfectly well, the blame cannot fairly be placed on her. Playing the role this way can only have been imposed from the top. The result is pointlessly perverse, mildly irritating and should be corrected.

Malvolio, played by Eric Porter, has his moments. He is especially good when reflecting on his social ambitions before finding the near-fatal fake letter. Yet I wonder if I am alone in finding some aspects

Alastair Muir

Social ambitions: Eric Porter as Malvolio

of Shakespeare's comedies increasingly unsympathetic. The maltreatment of Malvolio, which starts as a joke but degenerates, is offensive to our age.

The current English Shakespeare Company's production of *The Merchant of Venice* tries to get round this kind of problem by being as sympathetic as possible towards Shylock. I suspect that Peter Hall is trying the same approach by being kinder than usual to Malvolio in his opening scenes. There are limits, however, to how far you can play against a text that is not overflowing with the milk of human kindness.

It is also possible, judging by this production, that Hall thinks that *Twelfth Night* really would be better as an opera. I am not at all sure that he is wrong. The twins, Sebastian and Viola, could just as well step out of Mozart. The brilliant designing and lighting are done by Timothy O'Brien and Rick Fisher respectively, both of whom, like Hall, have considerable opera experience. Their work here would look very good at Glyndebourne.

*

Meanwhile, if you want to see a bunch of riveting performances by young actors, go to the Young Vic where the youth theatre is putting on *Judging Billy Jones* by Les Smith, a play about boys in an institution which just as well be a school as a remand centre.

The main conflict is between the *intellectual*, *Weston*, played by Garry Spratley, and the clever thug, Strachey (Jud Charlton). Rarely have I seen the competition between the *aesthete* and the bloody, and to some extent their underlying mutual respect, performed so well.

Between them Weston and Strachey dominate the remand home dormitory of eight inmates. But there are others: the West Indian whom Strachey insists on calling Sambo, though his name is Paul, and a sensitive Pakistani called Alli. This is a political nail-biter from British youth. Rather to my surprise, the thug and not the intellectual prevails in the end.

Directed by Chris White, Les Smith has written a competent play which shines by being superbly acted.

Malcolm Rutherford

Video

Go for the Godfather

NEVER MIND Gazza-mania. Nor even, in a famous bicentenary year, Mozza-mania. *This* month we bring you Gozza-mania.

This is the adulation offensive we confidently expect on *the eve of the release of* the final part of Francis Coppola's Godfather saga. With *Godfather III* opening in cinemas next week, who can be surprised that *Godfather The Epic* (CIC) appears in video shops the self-same week? For a modest £29.99, you can feed your VCR with the entire 7½ hours of the screen drama Coppola made for television by combining and expanding *The Godfather* and *Godfather Part 2*.

Gozza-mania takes two distinct forms. There are those who go about the land doing Marlon Brando impersonations: *stuffing their cheeks* with cotton-wool and making people offers they cannot refuse. And there are serious-minded Godfather students who praise the saga's epic sprawl, its gilded subtleties of characterisation and its quirky picture of Italian-American life.

These qualities all look better on the large screen than on the small, but never mind. A cassette copy allows you to play and replay your favourite scenic arias and to study the dramatic grace-notes with which Coppola and cast turn Mario Puzo's Mafia tale into a great dynastic oratorio. Marvel at Brando's patriarch, painting a portrait of capricious authority with laryngitic vocals and lordly shrugs of the eyebrows. Or admire the subtle emotions flickering across Al Pacino's face when the camera prowls towards him before he commits *his first* murder.

If you wish to explore director Coppola's work outside the Corleone chronicles, please try *Rumble Fish* (CIC). Mickey Rourke and Matt Dillon star in an S.E.Hinton-based tale of youth in torment. Set in surreally shadowed sets with baroque black-and-white photography, Coppola's film suggests *Citizen Kane* remade as an avant-garde biker movie.

Speaking of which and moving smartly on, you may like to sample *I Bought A Vampire Motorcycle* (Braveworld), a spry British horror comedy about a bloodsucking Norton Commando. Bravely made on a scant budget by two Birmingham first-timers, the film is funny, original and macabre.

Elsewhere this March it is dressing-up time. From Russia comes Kosintsev's classic 1964 *Hamlet* (Hendring), with Innokenti *Smoktunovsky's blond* Prince setting a standard for Mel Gibson's movie Dane in the forthcoming Zeffirelli version. From America comes *Mountains Of The Moon* (Guild), a handsome epic about Nile discoverers Burton and Speke. Pupi Avati's *We Three* (Connoisseur) from Italy is a charmer about the young Mozart and his last summer holidays before adulthood. And in Jean-Luc Godard's 1967 fantasy *Weekend* (Connoisseur), refugees from our consumer society dress up as everything from Red Indians to Jean-Jacques Rousseau. Never mind the Maoist noises; feel the wit and imagistic relish Godard used, long ago, to have.

From Britain comes more dressing-up: a homegrown epic scarcely shorter or less convoluted than *The Godfather*. Christine Edzard's two-part *Little Dorrit* (Warners) is tough going in part one, as we get lost in the byways of Dickens's rags-and-riches tale. But in part two, the plot assimilated, we can admire the fine performances and the increasingly free rein Miss E gives them. Alec Guinness, Derek Jacob and Cyril Cusack are outstanding.

Finally, a hat-trick of recommendations. *Gremlins 2* (Warners) *is* a top-notch creature sequel, escorting the fiends who last ran amok in a small town to the target-rich environment of a high-rise office block. *Music Box* (Guild) is a political nail-biter from Costa-Gavras of *Missing*, with lawyer Jessica Lange battling to save her Hungarian-immigrant father from accusations *of a Nazi past*. And *The Vanishing* (Connoisseur) is a Dutch murder thriller so overpoweringly spooky that you will not be distracted even by the strange language and subtitles. But do not watch it last thing at night.

Nigel Andrews

Flute sans magic

IN MOZART bicentenary year there will doubtless be many routine performances of *Die Zauberflöte* and this Royal Opera revival was, I regret to say, among the first. The time has arrived for us to show what it is about this opera, so *trivial and so* sublime, that makes it still the subject of debate 200 years after it was written – an opportunity that went for nothing here.

The production itself, dating from 1979, still looks good. It has the magic and the fantasy, together with a hint of the exotic, and more seriously marks an attempt to set the opera within the social milieu that would have been familiar to Mozart at the time he was writing it. This is essentially a cosy Viennese world, with happy peasants, boys in Lederhosen, and Sarastro and *his* followers as members of the Freemasons' fraternity.

The nearest the revival on Thursday came to inspiration was in the person of Olaf Bär. An amiable stage personality, relaxed, genial, Bär sings and acts a near-ideal Papageno, while being a considerate enough colleague *not* to try and take over the whole show, as one suspects Schikaneder, the original stage trickster in the role, used to do. Not, *admittedly, that* anyone else in this cast showed any inclination to stop him.

This was by and large an unhappy team. The soprano *Joan Rodgers was suffering* from 'flu and her voice gradually waned until it disappeared altogether in the middle of her aria, leaving Gillian Webster to sing the rest of Pamina's music from the wings. Deon van der Walt, a cool and *correct* Mozartian, who up to this point had played a thoroughly uninvolved Tamino, carried on unconcerned.

It was an interesting idea to give the role of Sarastro to *Donald* McIntyre, as a former Wotan once the ruler of a very different kingdom, but *it* did not pay off: the voice is *still* an instrument of action, while Sarastro's music calls for the calm of wisdom and magnanimity. Luciana Serra scored a success as the *Queen of Night*, the tone diamond-hard, the coloratura brilliantly sharp. Anthony Michaels-Moore made a pious Speaker and it was good to hear *again the unmis*takable sound of Alberto Remedios as the First Armed Man.

Unfortunately, what was missing on stage was no more evident in the pit, where Stephen Barlow led an untidy ren*dition of* the score that left orchestra and singers at odds with one another. *Die Zauberflöte* should be an wondrous opera that plumbs the depths *at one moment* and reaches for the stars the next. At this performance all the effort was spent on trying to keep the show together at ground level. A *disappointing evening*.

Richard Fairman

'BFG'-speak

IF PROOF were needed of the continuing appeal of *the* Big Friendly Author, here it is, in row after row of little chiddlers confidently expecting a golden phizzwizard. And if that sentence caused you problems, you can count yourself excluded from the bizarre complicity of the late Roald Dahl and his millions of admirers.

The BFG (*Big Friendly* Giant to his friends) is a fantasy figure whose appeal, it would seem, lies largely in his re-invention of the English language as *something* rich, rude and incomprehensible to adults. The Teenage Mutant Hero Turtles did the same thing, but for a slightly differ*ent age group. Where the tur*tles use surfspeak, Dahl creates a giantwaffle based on puns, violence and lavatorial humour. Its most hysterical joke, in *this touring stage* version at least, is a ripping whizzpopper produced by the BFG in front of the Queen. One need hardly explain what whizzpoppers are other than to say our young heroine, Sophie, finds them hilarious but the Queen is not amused.

With its play on language and its manipulation of scale, *The BFG* presents an awesome challenge, which the children's dramatist David Wood meets with his customary panache. He frames Dahl's story in a game of make-believe devised by Sophie to entertain party guests. A doll's house becomes the dreaded orphanage from which a puppet Sophie is seized by a BFG who minutes earlier was the real *Sophie's* father. There are dream bottles, shadow puppet helicopters and curdblooding giant masks.

Anthony Pedley's BFG comes as close as is humanly possible to the drawings of Quentin Blake: the benign and melancholic scrawniness is there, although one misses the 'extra-usual ears. *Fiona* Grogan, the 16-year-old discovery of the production, combines a piping childishness with a really rather mature ability to fade into the background, allowing the focus to move on to her puppet *double*.

Wood's great quality as a playwright and director is his confidence in his audience's ability to make giant imaginative leaps, coupled with a refusal to shortchange them artistically. No expense is spared on the design. He jumps back and forward from chil*dren playing giants to giants* eating children, with the coup de grace of a huge sedentary model of the BFG which sits at a table supported by four grandfather *clocks, stuffing* sausages into his mouth.

One could carp about the compromises involved in dramatisation (it would have been nice, for instance, to see the queen's butler pillaging the palace for furniture to build the giant's table), but this, I suspect, is adult pernicketiness. The chiddlers in the audience seemed genuinely enthralled – and it certainly makes a change from the telebunkumbox.

Claire Armitstead

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T 0836 430906. ⊖ Covent Garden Prices: £8.50-£17.50

COLISEUM, St. Martin's Ln. Tel 071-836 3161
English National Opera:
Lear/Turn of the Screw/Rusalka
T 0836 430909 ⊖ Leicester Square Prices: £6-£37.50

COMEDY, Panton St. Tel 071-867 1045
The Homecoming
T 0836 430910. ⊖ Piccadilly Circus Prices: £6-£16.50

DOMINION, Tottenham Court Rd. Tel 071-580 9562/8845
42nd Street
T 0836 430951. ⊖ Tott. Court. Rd. Prices: £10-£22.50

DRURY LANE, Catherine St. Tel 071-836 8108
Miss Saigon
T 0836 430914. ⊖ Covent Garden Prices: £7-£25

DUCHESS, Catherine St. Tel 071-836 8243
Run For Your Wife!
T 0836 430915. ⊖ Covent Garden Prices: £8-£15.50

DUKE OF YORK'S, St Martin's Ln. Tel 071-836 5122
Shirley Valentine
T 0836 430916. ⊖ Leicester Square Prices: £6-£15.50

FORTUNE, Russell St. Tel 071-836 2238
The Woman In Black
T 0836 430917. ⊖ Covent Garden Prices: £7.50-£16.50

GARRICK, Charing Cross Rd. Tel 071-379 6107
The Rehearsal
T 0836 430918. ⊖ Leicester Square Prices: £7.50-£17.50

GLOBE, Shaftesbury Ave. Tel 071-437 3667
Map of the Heart
T 0836 430919. ⊖ Piccadilly Circus Prices: £8-£18.50

HAYMARKET, Haymarket. Tel 071-930 8800
Silly Cow
T 0836 430920. ⊖ Piccadilly Circus Prices: £8.50-£18

HER MAJESTY'S, Haymarket. Tel 071-839 2244
The Phantom of the Opera (Postal Bookings)
T 0836 430921 ⊖ Piccadilly Circus Prices: £8.50-£25

LONDON PALLADIUM Argyll St. Tel 071-437 7373/2055
Show Boat From Mar 13
T 0836 430922. ⊖ Oxford Circus Prices: £6.50-£25

LYRIC, Shaftesbury Ave. Tel 071-437 3686
Five Guys Named Moe
T 0836 430923 ⊖ Piccadilly Circus Prices: £3.00-£22.50

NATIONAL THEATRE, South Bank. Tel 071-928 2252
Olivier: THE WIND IN THE WILLOWS/THE TRACKERS OF OXYRHYNCHUS/RACING DEMON
Lyttelton: THE TRIAL/THE VISIT £8-£16
Cottesloe: THE SHAPE OF THE TABLE/INVISIBLE FRIENDS £10
T 0836 430926 (Olivier) T 0836 430927 (Lyttelton)
T 0836 430928 (Cottesloe) ⊖ Waterloo

NEW LONDON, Drury Ln Tel 071-405 0072/404 4079
Cats
T 0836 430929. ⊖ Holborn Prices: £7-£25

OLD VIC, Waterloo Rd. Tel 071-928 7616
Carmen Jones From March 27
T 0836 430930. ⊖ Waterloo Prices: £10-£29.50

PALACE, Shaftesbury Ave. Tel 071-434 0909
Les Misérables
T 0836 430932 ⊖ Leicester Square Prices: £5.50-£25

PICCADILLY, Denman St. Tel 071-867 1118
The Rocky Horror Show
T 0836 430934. ⊖ Piccadilly Circus Prices: £10-£20

PLAYHOUSE, Northumberland Ave. Tel 071-839 4401
Twelfth Night
T 0836 430935. ⊖ Embankment Prices: £5-£18

PRINCE EDWARD, Old Compton St. Tel 071-734 8951
Children of Eden
T 0836 430936. ⊖ Leicester Square Prices: £10-£25

PRINCE OF WALES, Coventry St. Tel 071-839 5972
Aspects of Love
T 0836 430937. ⊖ Piccadilly Circus Prices: £17.50-£25

QUEENS, Shaftesbury Ave. Tel 071-734 1166
Matador From April 2
T 0836 430938. ⊖ Piccadilly Circus Prices: £9-£25

ROYAL COURT, Sloane Sq. Tel 071-730 1745/2554
Top Girls From April 10
T 0836 430939 ⊖ Sloane Square Prices: £5-£15

ROYAL OPERA HOUSE, Covent Gdn. Tel 071-240 1066
Royal Ballet: LA BAYADERE £1.50-£49
Royal Opera: DIE ZAUBERFLOTE/SAMSON ET DALILA £4.50-£101
T 0836 430911. ⊖ Covent Garden

SADLER'S WELLS, Rosebery Ave. Tel 071-278 8916
The King and I
T 0836 430941 ⊖ Angel Prices: £5-£25

SHAFTESBURY, Shaftesbury Ave. Tel 071-379 5399
Out of Order Until Mar 16
T 0836 430943 ⊖ Tottenham Court Rd Prices: £8.50-£16.50

ST MARTIN'S, West St. Tel 071-836 1443
The Mousetrap
T 0836 430944. ⊖ Leicester Square Prices: £6-£15

STRAND, Aldwych. Tel 071-240 0300
Dave Allen
T 0836 430945. ⊖ Covent Garden Prices: £7-£17.50

VAUDEVILLE, The Strand. Tel 071-836 9987
Hidden Laughter
T 0836 430946. ⊖ Charing Cross Prices: £7.50-£16.50

VICTORIA PALACE, Victoria St. Tel 071-834 1317
Buddy
T 0836 430947. ⊖ Victoria Prices: £7-£18.50

WHITEHALL, Whitehall. Tel 071-867 1119
Absurd Person Singular Until Mar 16
T 0836 430948. ⊖ Charing Cross Prices: £9.50-£15.50

WYNDHAM'S, Charing Cross Rd. Tel 071-867 1116
What the Butler Saw
T 0836 430950. ⊖ Leicester Square Prices £8-£16.50

Prices given are for evening performances. Matinee and some weekday evening prices may differ. Please call Box Office for details.

Theatreline

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TELEVISION

SATURDAY

BBC1

7.05 Introduction To Pure Maths. 7.30 Babar. 7.55 Eggs 'N' Baker. 8.35 Bravestarr. 9.00 Going Live. 12.12 Weather.

12.15 Grandstand. 12.20 Basketball: Kingston v Maccabi Tel Aviv 12.00 News 1.00 Racing 1.45 Newbury: Philip Cornes Saddle of Gold Hurdle 2.00 Haydock Park: Greenalls Gold Cup (H'cap) Chase 2.15 Gary Mason v Lennox Lewis preview 2.25 Rugby Union: Ireland v England live from Lansdowne Road 4.15 France v Wales highlights from Paris 4.50 Final Score.
5.10 News Summary; Weather.
5.20 Regional News And Sport.
5.25 Stay Tooned!
5.50 Jim'll Fix It.
6.25 'Allo 'Allo! The British airmen are stuck down the drain in the village square, and Rene plans to get them out using an old ice cream van.
6.55 The Paul Daniels Magic Show. Footballers Paul Gascoigne and Peter Shilton play Predictaball. Guest acts are Tom Lake and Kuniko Naraj and the comic Trampoline Guys while Paul himself uses his *escapology* skills to avoid death by giant domino.
7.40 Bergerac. The Assassin. Jim is summoned to a lonely castle in Brittany to meet the mysterious Hapgood who asks him to find out who is threatening his life.
8.35 Film: Armed And Dangerous (1986). Starring John Candy, Eugene Levy and Meg Ryan. Comedy about an ex-cop and an incompetent lawyer who join a security firm.
10.00 News And Sport; Weather.
10.10 Carrott's Commercial Breakdown. Jasper Carrott opens an advertising scrapbook featuring his own favourite television commercials from around the world.
11.10 Film: The Pawnbroker (1965). Starring Rod Steiger, Geraldine Fitzgerald and Rock Peters. A Jewish pawnbroker lives in the world of his concentration camp memories and is completely distanced from the reality that surrounds his little pawn shop in New York's Spanish Harlem. He is forced into the present as the harsh pressures of Harlem force themselves upon him. Directed by Sidney Lumet.
1.00 Weather.
1.05 Close.

BBC2

6.50 Open University. 12.15 Education. 2.45 Mahabharat (English subtitles).

3.25 Laurel And Hardy Double Bill. Stan Laurel and Oliver Hardy in *Them Thar Hills* and in *Tit for Tat.*
4.05 Film: Caesar And Cleopatra (1946). Starring Vivien Leigh, Claude Rains, Flora Robson and Stewart Granger. Directed by Gabriel Pascal.

All timings on all channels are subject to alteration for post-Gulf War coverage.

6.10 Late Again. Highlights of The Late Show, the arts and media magazine.
6.55 Newsview. Followed by Weatherview.
7.40 Rhythms Of The World. Viva Zimbabwe. *Thomas Mapfumo, one of* Africa's most innovative pop musicians, introduces performances from The Four Brothers, Stella Chiweso and Machanic Manyeruke and links the music of Zimbabwe with the people's struggle for political independence.
8.35 The Godfather Family. Documentary looking at the making of The Godfather trilogy, with interviews, anecdotes, excerpts and rarely seen screen tests that make up a revealing portrait of Francis Ford Coppola at work. Featuring Al Pacino, James Caan, Robert De Niro, Talia Shire and Andy Garcia.
9.15 Twin Peaks.
10.00 Film: The Godfather Part II (1974). Starring Al Pacino, Robert De Niro, Robert Duvall and Diane Keaton. Flashbacks to the early life of Vito Corleone alternate with son Michael's swift and *bloody rise* to Mafia lord in the Oscar-winning sequel to the 1972 original. Directed by Francis Ford Coppola.
1.15 Close.

LWT

6.00 TV-Am. 9.25 Motormouth. 11.30 The ITV Chart Show. 12.30 Saint And Greavsie.

1.00 ITN News. Followed by ITV National Weather.
1.05 LWT News.
1.10 Grand Sportsmasters. Three more of the elite from past Sportsmaster rounds compete for a place in the quarter-finals. Hosted by Dickie Davies.
1.40 World Sport Special. Classic moments of sporting history from around the world. Followed by The Day.
2.10 Golf: Pga Tour '91. Chrysler Cup.
3.05 Snooker. Pearl Assurance British Open. The £75,000 final from The Assembly Rooms, Derby. Tony Francis introduces the action with commentary from Jon Pulman, Rex Williams, Mark Wildman, Jim Meadowcroft and Dennis Taylor.
4.45 ITN News. Followed by ITV National Weather.
5.00 Results Service.
5.10 LWT News.
5.15 Beverly Hills, 90210. The trials of life continue for Brenda and Brandon Walsh as they settle down to their new life at West Beverly Hills High in California.
6.10 Catchphrase.
6.40 You Bet!
7.40 New Columbo: Columbo Goes To The Guillotine. Lt Columbo is called in to investigate the death of a well-known magician and mind-reader who is beheaded by his own invention a trick guillotine. Starring Peter Falk and Anthony Andrews.
9.25 ITN News And Sport. Followed by ITV National Weather.
9.45 Aspel & Company. Guests include Stephanie Powers, Kevin Whately and Rory Bremner.
10.30 Snooker. The Pearl Assurance British Open. Final from The Assembly Rooms, Derby with Tony Francis introducing the action.
12.35 Film: The Streetfighter (1975). *Charles Bronson* plays a drifter determined to win enough money to escape the depression of the city through a series of prize fights. Also starring James Coburn and Jill Ireland. Followed by Gulf News Report.
2.10 Adventure.
2.40 American College Football. Texas v Texas A&M.
3.40 Pausenfullers.
4.00 The Hitman And Her.
5.00 The Twilight Zone.
5.30 ITN Morning News.

CHANNEL4

6.00 Comic Book. 7.00 Trans World Sport. 8.00 The Channel 4 Four Daily. 9.15 Channel 4 Racing: The Morning Line. 9.25 Sing And Swing. 9.3 0 Same Difference. 10.00 Free For All. 10.30 The Runaway Bus (1954).

12.00 Saturday Men. Vintage documentary profile of West Bromwich Albion including a younger Bobby Robson. (B/W)
12.30 The Munsters. The Midnight Ride of Herman Munster. Herman Munster becomes involved with a gang who steal his car. (B/W)
1.00 The Student Prince (1954). First in a double-bill of Mario Lanza films, this romantic comedy stars Edmund Purdom (sung by Mario Lanza) as a prince sent to Heidelburg to finish his education, where he falls in love with the niece of an innkeeper.
3.00 The Seven Hills Of Rome (1958). Romantic musical starring Mario Lanza as a television personality who travels to Rome after a tiff with his girlfriend, and there meets up with a local girl.
4.55 Visit Prague.
5.05 Brookside Omnibus.
6.30 Right To Reply. Liz Forgan, director of programmes at Channel 4, defends the screening of Vinh Linh Steel Ramparts, about United States bombing of Vietnam, and Channel 4's Gulf war coverage generally.
7.00 The World This Week. Will the end of the Gulf war raise optimism about the world economy? As Estonia and Latvia hold referendums on their independence, a *look at the strong relations* between the Baltic states and the Scandinavian countries. A look at the outbreak of cholera in Peru.
8.00 Land Of Europe 4: Rift Valleys. Documentary tracing the progress of Llanfrothen in North Wales from rural idyll to linguistic battleground. Traditionally a stronghold of Welsh culture, it is now experiencing an influx of English settlers planning to live and work there.
9.00 LA Law.
10.00 4-Play: In The Border Country.
11.10 The Secret Cabaret.
11.40 After Dark. What will be the cost of the peace in the Gulf? A Palestinian businesswoman, an Israeli arms broker and an international banker are among the guests who discuss how the billions of dollars needed to rebuild Iraq and Kuwait will be spent.

REGIONS

S4C Wales as Channel 4 except:

6:00 The Art Of Landscape. 10:00 The Garden Club. 10:30 Free For All. 11:00 Travelog. 11:30 Remote Control. 12:00 Jonathan Ross. 12:30 Sumo. 1:00 North Pole Expedition. 1:30 Ffrainc V Cymru. 3:40 Film: Cheer Up starring Stanley Lupino, Sally Gray and Roddy Hughes (B/W). 5:00 Mr Magoo 6:30 Newyddion/News. 6:45 Canigymru 1991. 7:50 Cyngerdd Sobin A'r Smaeliaid. 8:20 Y Maes Chwarae. 9:30 Film: Letter To Brezhnev starring Peter Firth, Alfred Molina and Margi Clarke. 11:15 The Land Of Robert Burns.

IBA Regions as London except at the following times:-

ANGLIA
1:05 Anglia News. 2:10 The A-Team. 5:10 Anglia News.

BORDER
1:05 Border News. 1:40 The Silk Road. 2:40 Spectacular World Of Guinness Records. 5:10 Border News And Border Birthdays.

CENTRAL
1:05 Central News. 2:10 Matlock. 5:10 Central News.

CHANNEL
1:05 Diary Dates. 2:10 The Life And Times Of Grizzly Adams. 5:10 Channel News. 5:15 The Winjum Pom.

GRAMPIAN
1:05 Grampian Headlines. 1:40 Abair! 2:10 Coronation Street. 5:00 Scotsport Results. 5:10 Grampian Headlines.

GRANADA
1:05 Granada News. 1:40 The Oldest Rookie. 2:35 The Spectacular World Of Guinness Records. 5:10 Granada News. 5:15 First Division Special.

HTV WEST
1:05 HTV News. 2:10 The Young Riders. 5:10 HTV News.

HTV Wales as HTV except:
5:15 Surprise! Surprise!

SCOTTISH
1:05 Scotland Today. 1:40 Here Come The Double Deckers. 2:05 *This Is America, Charlie* Brown. 2:35 The Spectacular World Of Guinness Records. *5:00 Scotsport Results.* 5:10 Scotland Today. 9:40 Scottish Weather.

TSW
1:05 TSW News. 1:40 The South West Week. 2:10 Badminton. 5:10 TSW News.

TVS
2:10 The Life And Times Of Grizzly Adams. 5:10 TVS News.

TYNE TEES
1:05 Regional News. 2:10 The A-Team. 5:10 Northern Life - Saturday Special.

ULSTER
1:05 Ulster Newstime. 1:40 Wrestling. 2:40 The Munsters Today. 5:10 Ulster Newstime. 9:40 Ulster Newstime.

YORKSHIRE
1:05 Calendar News. 1:40 The A-Team. 2:35 The Spectacular World Of Guinness Records. 3:00 Mister Magoo. 5:10 Calendar News.

SUNDAY

BBC1

6.00 The Pink Panther Show. 6.45 Open University. 8.55 Playdays. 9.15 Come Holy Spirit. 10.00 France Actuelle.

10.25 Mexico Vivo.
10.50 Step Up To Wordpower.
11.15 A Way With Numbers.
11.40 Bazaar.
12.05 See Hear!
12.30 Country File.
12.55 Weather For The Week Ahead.
1.00 News; On The Record. Martha Kearney reports from Ireland on whether, in the light of the IRA *bombing campaign, there is any sign of a withering of the historic claim within the republic to a united Ireland (postponed from* last Sunday).
2.00 EastEnders.
3.00 Film: One Born Every Minute (1967). Starring George C Scott, Michael Sarrazin and Sue Lyon.
4.40 The Pink Panther Show.
5.00 The Clothes Show. Including youngsters' designs for celebrities; fashions for the Thirtysomething generation and African influences on design.
5.25 Antiques Roadshow.
6.10 OK2 Talk Feelings.
6.20 News Summary; Weather.
6.25 Songs Of Praise from Westminster Abbey.
7.15 Brush Strokes.
7.45 Lovejoy.
8.35 Butterflies.
9.10 News.
9.25 That's Life!
9.45 News Summary; Weather.
10.00 Mastermind.
10.30 Heart Of The Matter. Coma. Joan Bakewell goes to the USA to meet relatives of coma victims. Although such a victim is neither terminally ill or dependent on expensive machinery for survival, there are families who would prefer their dear-ones to die. But who has the right to decide such questions of life and death the medical profession, the Law or the families themselves?
11.05 The Days And Nights Of Molly Dodd.
11.30 Mosaic. Evidence Unseen. More black offenders end up in jail than white; more blacks are remanded than are given bail. Magistrates both *black* and white ask whether young *black* Britons are being fairly treated by the courts.
12.00 The Sky At Night.
12.20 Mahabharat.
1.00 Weather.
1.05 Close.

BBC2

6.35 Open University. 12.00 Around Westminster. 12.30 Scrutiny. 1.00 Open University. 1.25 Film: Heidi's Song (1982).

3.00 First Stage. An account of the trials and tribulations of a group of young artists collaborating for the first time on a contemporary dance piece.
3.30 From The Heart Of The World: The Elder's Warning. Last year a film was made about the Kogi, an ancient civilisation still living deep in the Colombian jungle. *They had an important message for the rest of the world. We are causing the earth to die. Now* they have been invited to deliver this warning to the Heads of State of the United Nations.
5.00 Rugby Special. Highlights of Ireland v England at Lansdowne Road and France v Wales in Paris.
6.00 Clive James Talk Show. Clive is joined by comedian Dave Allen.
6.35 The Money Programme. From Big Bang to Big Bust? Britain's financial services industry faces a major shakeout as it tackles falling profits and bad debt. Tom *Maddocks* reports on how one of the big players, TSB, is dealing with the changed climate of the 90s.
7.15 Natural World. David, a Kenyan *driver passionate about the* well-being of his country's wild animals, takes the Natural World team on safari into deepest Africa.
8.05 Naked Hollywood. Four Million Dollars is Cheap. Hollywood agents; they steal clients from each other and cut multi-million dollar deals on the telephone. An inside view of how the secretive tribal *society of* top agents really works.
8.55 Margot Fonteyn — Tribute to Dame Margot Fonteyn de Arias, tracing her career with the Royal Ballet and including film of her dancing with Michael Soames, Robert Helpmann and Rudolf Nureyev. Contributors include Moira Shearer, Dame Alicia Markova, Dame Beryl Grey, Natalia Makarova and Sir Kenneth MacMillan.
10.00 Screen Two: The Laughter Of God.
11.30 Soub.
12.00 Rapido.
12.35 Close.

LWT

6.00 TV-Am. 9.25 The Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 Encounter. 12.30 LWT News Weekend.

1.00 ITN News. Followed by ITV National Weather.
1.15 War In The Gulf. An analysis of current events in the Gulf, presented by Brian Walden and Donald MacCormick. Followed by The Day.
2.00 Charlie's Angels.
2.55 The Match. Liverpool v Arsenal, live from Anfield, which could have a decisive effect on the outcome of the championship. With commentary *from* Brian Moore.
5.05 Bullseye. The darts quiz game, hosted by Jim Bowen.
5.35 Athletics. Vauxhall International. GB v USA, live from Kelvin Hall, Glasgow. Jim Rosenthal presents the action, with commentary by Alan Parry, Peter Matthews and Steve Ovett.
6:45 Highway (second part of last week's programme from Treorchy).
7.05 ITN News. Followed by ITV National Weather.
7.10 LWT News.
7.15 Trouble In Mind.
7.45 Murder, She Wrote.
8.40 ITN News. Followed by ITV National Weather.
8.55 LWT Weather.
9.00 Agatha Christie's Poirot. When Poirot visits a Victory Ball, it turns out to be far from the relaxed evening's entertainment he is had hoped for. Starring David Suchet, Hugh Fraser and Philip Jackson and guest stars, Haydn Gwynne, Nathaniel Parker and Natalie Slater.
10.00 Cool Head. Starring Phil Cool.
10.30 The South Bank Show. Dancer Rudolf Nureyev achieved freedom in the West 30 years ago. Since then he has become the most famous dancer in the world. In this last edition of the present series, he tells Melvyn Bragg how his dreams were realised. The programme also includes an interview with Dame Margot Fonteyn. Followed by The Day.
12:00 Golf.
12.30 The ITV Chart Show.
2.00 New Music.
3.00 Pick Of The Week.
3.30 Indy Car Racing. Marlboro GP.
4.30 Lawless Years.
5.00 Wanted: Dead Or Alive. (B/W).
5.30 ITN Morning News.

CHANNEL4

6.00 Trans World Sport. 7.00 The Complete Skier. 7.30 Dr Snuggles. 8.00 The Bluffers. 8.30 Bobobobs. 9.00 Early Bird. 9.25 Sangeet Anjali. 10.00 A Week In Politics – Second Reading. *John Major's reaction to the end of the Gulf war; examination of the Swindon parliamentary constituency, a key marginal.* 10.45 Dennis. 11.00 Boon! 11.30 Star Test.

12.00 The Waltons.
1.00 Voyage To The Bottom Of The Sea. Doomsday.
2.00 Film: You Can't Take It With You (1938). Frank Capra's Oscar-winning comedy about a family of *eccentrics headed by Lionel Barrymore* who come into conflict with a tycoon with designs on the family home for a property development scheme. With Jean Arthur and James Stewart.(B/W)
4.20 Windy Day.
4.30 Citizen 2000.
5.00 Scottish Eye. Revealing how the personal funds of the mentally ill in Scottish long-stay mental institutions are now used to plug the gaps left by NHS cash shortages.
5.30 Kersplat!
5.45 Grim Tales.
6.00 Press Gang.
6.30 The Wonder Years. American comedy in which Kevin Arnold looks back to 1968 when he was 13 years of age. Family life is disrupted when Jack is promoted and his first task as regional manager lands him in Pittsburgh over the Thanksgiving holiday.
7.00 Channel 4 News.
8.00 Orchestra! Last programme in which Sir Georg Solti rehearses and conducts a full performance of one of his favourite pieces, Richard Strauss' Don Juan, with Dudley Moore and the Schleswig Holstein Youth Orchestra.
8.30 The New Age. In today's final programme, Kay Avila hosts an open forum for the 40 guests of the series to assess the impact that new age ideas could have on our society.
9.00 The Media Show. Royalty and Television.
9.45 Film: Nightshift (1982).
11.45 Mothers Behind Bars. Documentary about a project at Bedford Hills Maximum Security Prison in upstate New York devised by a Catholic nun to sustain relationships between imprisoned mothers and their children.
12.45 Close.

REGIONS

S4C Wales as Channel 4 except:
9:25 The Adventures Of Tin Tin. 9:30 Boom! 10:45 Voyage To The Bottom Of The Sea. 11:45 Kersplat! 12:55 Acen. 1:20 O Bedwar Ban. 1:30 *Bwrw Mlaen. 2:00 Shark Callers Of Kontu.* 3:00 Cutting Edge. 4:00 Film: Pin-Up Girl. 5:30 Sinfonietta. 6:30 Grim Tales. 6:45 San Steffan. 7:00 Newyddion/News. 7:10 Holl Hwn A Holl Llall. 8:00 Hel Straeon. 8:30 Dechrau Canu, Dechrau Canmol. 9:00 Mwy Na Phapur Newydd. 9:45 Ffinlaue 3. 10:05 Small Stages. 11:35 The Media Show.

IBA Regions as London except at the following times:-

ANGLIA
12:30 Farming Diary. 12:55 Anglia News. 2:00 *Members Only.* 2:25 The World Of Golf. 7:10 Anglia News.

BORDER
12:30 Gardening Time. 12:55 Border News. 2:00 McCloud. 2:30 The Match. 7:10 Border News.

CENTRAL
12:30 Gardening Time. 12:55 Central News. 7:10 Central News.

CHANNEL
12:30 Reflections. 12:35 Les Francais Chez-vous. 12:50 Tele-jornal. 1:10 Walden. 2:00 The Wonderful World Of Disney. 7:10 Channel News.

GRAMPIAN
10:45 Pick A Number. 11:15 Link. 11:30 Sunday Service. 12:30 Jack Thompson Down Under. 12:55 Grampian Headlines. 2:00 Curling. 3:00 Viv On Sunday. 4:00 Bullseye. 4:30 Scotsport.

GRANADA
12:30 Granada This Week. 2:00 Richmond Hill. 5:05 Coronation Street. 6:00 Athletics. 7:10 Granada News.

HTV WEST
12.30 Clive's Walks. 12:55 HTV News. 2:00 HTV Newsweek. 2:30 Here Come The Double Deck*ers. 7:10 HTV News.*

HTV Wales as HTV except:
12:30 Jimmy's. 2:00 Farming Wales.

SCOTTISH
10:45 Glen Michael's Cartoon Cavalcade. 11:15 Link. 11:30 Sunday Service. 12:30 Crann Tara. 12:55 Scotland Today. 2:00 Scottish Supplement. 2:30 Bullseye. 3:00 Viv On Sunday. 4:00 Taxi 4:30 Scotsport. 7:10 Scotland Today. 8:55 Scottish Weather.

TSW
12:30 Farming News. 12:55 TSW News. 2:00 Fisheries News. 2:15 Cartoon Time. 2:25 Katts *And Dog. 5:05 Coronation Street.* 7:10 TSW News.

TVS
12:30 TVS News. 12:33 Agenda. 12:58 TVS Weather And Farming Weather. 2:00 The Wonderful World Of Disney. 7:10 TVS News.

TYNE TEES
12:25 Breakthroughs. 12:55 Regional News. 2:00 The Spectacular World Of Guinness Records. 2:25 The Back Page. *5:05 Coronation Street.* 6:00 Athletics. 7:10 Regional News.

ULSTER
12:30 Gardening Time. 12:55 Ulster Newstime. *2:00 Short Story Theatre. 5:05 Coronation* Street. 6:00 Athletics: Vauxhall International. 7:10 Ulster Newstime. 8:55 Ulster Sports Results.

YORKSHIRE
12:25 Goals On Sdnday. 12:50 Calendar News. 2:00 The Life And Times Of Grizzly Adams. 7:10 Calendar News.

RADIO

SATURDAY

BBC RADIO 2
4:00 Dave Bussey. 6:00 Graham Knight. 7:45 Take 2. 8:05 Ronnie Hilton. 8:00 Brian Matthew. 10:00 Anne Robinson. 12:00 Gerald Harper. 1:30 The News Huddlines. 2:00 Robin Ray On Record. 3:00 Gerry Anderson. 4:45 Phil Kelsall. 5:00 Cinema 2. 5:30 Music By.... 6:00 Bob Holness Requests The Pleasure. 7:00 Jazz Score. 7:30 Saturday Gala Night. 9:30 Easy Does It. 10:00 The Radio 2 Arts Programme. 12:05 Cinema 2. 12:30 Len Jackson Presents Night Ride. 3:00 A Little Night Music.

BBC RADIO 3
6:25 Open University: Open Forum.
6:55 News Summary; Weather.
7:00 Morning Concert.
8:00 News.
8:05 BBC Welsh Symphony Orchestra.
9:30 Saturday Review With Richard Osborne.
12:35 Words.
1:00 News.
1:05 BBC Lunchtime Concert.
2:00 Langham Chamber Orchestra.
2:45 New Chamber Ensemble Of Wales.
3:50 Tuning Up.
5:00 Jazz Record Requests.
5:45 Third Opinion.
6:30 Loiss Miller.
10:00 Third Ear.
10:25 Robert Simpson (1987).
12:00 News.

BBC RADIO 4
5:55 Shipping Forecast.
6:00 News Summary; Weather.
6:10 Farming Week.
6:50 Prayer For The Day.
7:00 Today.
9:00 News.
9:05 Sport On 4.
9:30 Breakaway.
10:00 News; Loose Ends.
11:00 News; The Week In Westminster.
11:30 Europhile.
12:00 Money Box.
12:25 The News Quiz.
12:55 Weather.
1:00 News.
1:10 Any Questions?.
1:55 Shipping Forecast.
2:00 News; Any Answers?.
2:30 Saturday Playhouse.
4:00 News; Going South.
4:30 Science Now.
5:00 God And Caesar.
5:25 Week Ending.
5:50 Shipping Forecast.
5:55 Weather.
6:00 News; Sports Round-Up.
6:25 Citizens.
7:10 Stop The Week.
7:45 Classic Serial.
8:45 Kaleidoscope.
9:15 Music In Mind.
9:50 Ten To Ten.
9:59 Weather.
10:00 News.
10:15 The Gilt Me Doth Inflame.
10:45 Poetry Of Popular Song.
11:00 Richard Baker Compares Notes.
11:30 Girls Will Be Girls.
12:00 News.
12:33 Shipping Forecast.

BBC RADIO 5
6:00 World Service: Newsdesk.
6:30 Morning Edition.
9:00 Sport.
9:02 On Your Marks.
12:00 News followed by Sport On 4 Plus 1.
12:30 Sportscall.
1:30 *Sport On 5.*
5:00 Sports Report.
6:00 As Radio 4.
10:00 Sport.
10:15 As Radio 4.
11:00 Sport.
11:10 World Service.
12:00 News And Sport.
12:05 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on *Medium Wave* 648 kHz (463m) at the following times GMT:
5:00 German Features. 5:35 News In German; Headlines In English And French. 5:47 Press Review. 5:52 Financial News. 5:58 Weather & Travel News. 6:00 Newsdesk. 6:30 Londres Main: News In French. 6:59 Weather. 7:00 World News. 7:15 24 Hours: Extended Edition. 8:00 World News. 8:09 Words Of Faith. 8:15 A Jolly Good Show. 9:00 World News. 9:15 Seeing Stars. 9:30 Financial News. 9:39 Sports Roundup. 9:4 5 *Network UK.* 10:00 World News. 10:15 Letter From America. 10:30 People And Politics. 11:00 Newsdesk. 11:30 Midi Magazine: News And Features In French. 11:59 Travel News. 12:00 World News. 12:15 Multitrack 3. 12:45 Sports Roundup. 1:00 World News. 1:15 24 Hours: Extended Edition. 2:00 World News. 2:15 Club 648. 2:30 Sportsworld. 3:00 World News. 3:15 Sportsworld Contd. 4:00 World News. 4:15 BBC English. 4:30 News And Features In German. 4:59 Travel News. 5:00 News Summary. 5:15 Sportsworld: Final Results. 5:30 Londres Soir: News And Features In French. 6:14 News Headlines In English. 6:15 BBC English. 6:30 Heute Aktuell: News And Sport In German. 7:00 German Features. 7:5 4 News In German. 8:00 World News. 8:09 Seeing Stars. 8:25 Words Of Faith. 8:30 Meridian. 9:00 World News. 9:15 From Our Own Correspondent. 9:45 Write On.... 9:35 Sports Roundup. 10:00 Newshour. 11:00 World News. 11:09 Sook Choice. 11:15 A Jolly Good Show. 12:00 Newsdesk. 12:30 A Year In Paris On £100. 12:45 *Play Of The Week: Where* The Lovemaking Does. 2:00 Newsdesk. 2:30 The Jews Of Eastern Europe . 3:00 World News. 3:15 Society Today. 3:30 From Our Own Correspondent. 3:50 Write On.. 3:59 Weather. 4:00 Newsdesk.

SUNDAY

BBC RADIO 2
4:00 David Allan. 6:00 Graham Knight. 7:30 Don Maclean. 9:05 Richard Baker. 11:00 Desmond Carrington. 2:00 Benny Green. 3:00 Alan Dell With Sounds Easy. 4:00 Palm Court Time. 4:30 You Can Sing The Next Song. 5:00 Charlie Chester. 7:00 John Lawrenson. 8:00 London Winds. 8:30 Sunday Half-Hour. 9:00 Allan Keith. 10:00 The Radio 2 Arts Programme. 12:05 Personal Choice. 1:00 Len Jackson Presents Night Ride. 3:00 A Little Night Music.

BBC RADIO 3
6:35 Literature In The Modern World.
6:55 News Summary; Weather.
7:00 Morning Concert.
8:30 News.
8:35 Music From The Dresden Court.
9:15 Isaac Stern.
10:15 Music Weekly.
11:00 From The Proms 1990.
12:40 Replay.
1:00 News.
1:05 Your Concert Choice.
2:30 *Chamber Music From* Birmingham (Oboe).
4:00 BBC Philharmonic Orchestra.
5:15 Opera News.
6:00 Contrlle Heart.
7:00 Serenade.
7:30 The Fool.
9:40 BBC Symphony Orchestra.
10:40 A Monighetti Recital.
12:00 News.
12:05 Close.

BBC RADIO 4
5:55 Shipping Forecast.
6:00 News Summary, Weather
6:10 Prelude.
6:30 News; Morning Has Broken
6:55 Weather.
7:00 News.
7:10 Sunday Papers.
7:15 On Your Farm.
7:40 Sunday.
8:50 Appeal.
8:55 Weather.
9:00 News.
9:10 Sunday Papers.
9:15 Letter From America.
9:30 Morning Service
10:15 The Archers
11:15 News Stand.
11:30 Pick Of The Week.
12:15 Desert Island Discs
12:55 Weather.
1:00 The World This Weekend.
1:55 Shipping Forecast.
2:00 Gardeners' Question Time.
2:30 Talking Heads.
3:05 Stamping Feet.
3:30 The Radio Programme.
4:00 News; Analysis
4:47 Time For Verse.
5:00 News; Down Your Way.
5:40 Dragons Of A Feather.
5:50 Shipping Forecast.
5:55 Weather.
6:00 News; Sports Round-Up
6:15 The Professionals.
6:30 Europhile.
7:00 Ecuador Days
7:30 Bookshelf
8:00 Debates.
9:00 Enquire Within.
9:15 The Natural History Programme.
9:59 Weather.
10:00 News.
10:15 J Arthur Rank.
11:00 In Committee.
11:30 Seeds Of Faith.
12:00 News.
12:33 Shipping Forecast.
12:43 Close

BBC RADIO 5
6:00 World Service: Newsdesk.
7:30 Sunday Edition.
9:00 Sport.
9:02 This Family Business.
10:30 Education Matters.
11:00 Sport.
11:02 A Century Remembered.
11:30 The Price Of Greens.
12:00 Sport.
12:03 Open University.
2:00 Sport.
2:02 As Radio 2.
3:00 Football Extra
5:02 As Radio 4.
6:00 Sports Round-Up.
6:10 Bob Hatton Rattle.
6:40 Fanshawe On Five.
7:20 Open University.
9:00 Nightbeat
9:30 Across The Line.
11:00 Sport.
11:05 World Service: World Report.
12:00 Sport.
12:05 Close.

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9:15 Backing The Canvas: The Restorer. 9:30 Financial Review. 9:40 Book Choice. 9:45 Society Today. 10:00 World News. 10:15 Science In Action: Short Edition. 10:30 In Praise Of God. 11:00 Newsdesk. 11:30 Midi Magazine: News And Features In French. 11:59 Travel News. 12:00 World News. 12:05 Play Of The Week: Where The Lovemaking Does Go On. 1:00 World News. 1:15 24 Hours: Extended Edition. 2:00 World News. 2:15 Sports Roundup. 2:30 Anything Goes.
3:00 World News. 3: 15 International Recital. 4:00 *World News.* 4:15 *BBC* English. 4:30 News And Features In German. 4:59 Travel News. 5:00 World News. 5:15 Club 648. 5:30 Londres Soir: News And Features In French. 6:14 News Headlines In English. 6:15 BBC English. 6:30 News And Features In German. 7:54 News In German.

CHESS

NIGEL SHORT, Britain's highest ranked player, has drawn Boris Gelfand, the world no 3, as his quarter-final opponent in the world championship candidates. Other pairings are Anatoly Karpov (USSR) v Viswanathan Anand (India), Vassily Ivanchuk (USSR) v Artur Yusupov (USSR), and Jan Timman (Netherlands) v Viktor Korchnoi (Switzerland). The matches, each best of eight games, will start simultaneously in Brussels on 11 August.

Short, aged 25 from West Hampstead in north London, has avoided the former champion Karpov or the dashing Ivanchuk who this week defeated Gary Kasparov at Linares 1991.

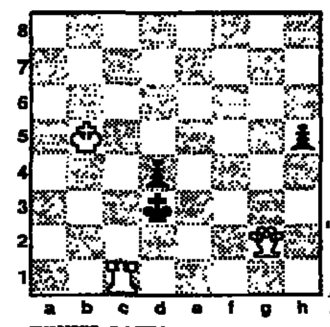
Gelfand is a tall and gangling 22-year-old Muscovite with the preoccupied bespectacled air of a nuclear physicist, but who is recognised as one of the sharpest minds on the international circuit. He was joint winner of the Manila interzonal, runner-up to Kasparov at Linares 1990.

Gelfand showed some fallibility in his recent candidates eliminator, losing two games and winning the series only after extra time fast chess. Short's victory over Jon Speelman was just as narrow, but he defeated Gelfand in tournament games at Linares and Tilburg last year.

The real problem for Short is that even if he survives Gelfand, the ensuing matches become progressively harder -perhaps Ivanchuk, Karpov and Kasparov in that order. Thus a British world champion or challenger in 1993 looks a slim hope, with better chances for Michael Adams in 1996.

CHESS No 862

BLACK 3 MEN



WHITE 3 MEN

White mates in three moves at latest, against any defence (by JB of Bridport). JB was John Brown (1827-63), a chess unknown who composed a series of elegant problems with quiet, non-forcing solutions.

Solution Page XIX.

Leonard Barden

BRIDGE

THIS HAND is from Mixed Pairs of good standard:

N
♠ K Q 9 8 7 4
♥ A 10 4
♦ A 8 5
♣ 9

W
♠ J 10
♥ J 9 2
♦ 9 7 4 2
♣ 10 5 4 3

E
♠ 5 3
♥ K 7 5 3
♦ K Q 6
♣ K 7 6 2

S
♠ A 6 2
♥ Q 8 6
♦ J 10 3
♣ A Q J 8

South dealt at love all, and opened with one club, North answered with one spade, and South rebid one no trump. North now forced with three diamonds, South gave preference with three spades, to four no trumps South replied with five hearts, to five no trumps he replied with six diamonds, and North's six no trumps closed the auction.

After some thought I led the heart two, the king won, and my partner played back the heart three, taken by the queen. The declarer crossed to the heart ace, then cashed five rounds of spades. This left East holding king, queen of diamonds and king, seven, six of clubs. The diamond ace was cashed, and now the last spade from dummy squeezed my partner. She threw a club, South finessed his club knave, then cashed the ace, dropping East's king, and the queen was his 12th trick.

Good dummy play, but what about defence? My choice of opening lead was not the best, – *the diamond seven would* have left South with no chance – but it was not fatal. East's heart return at trick two was fatal. She should have returned the diamond king, you say. No, that does not do any good.

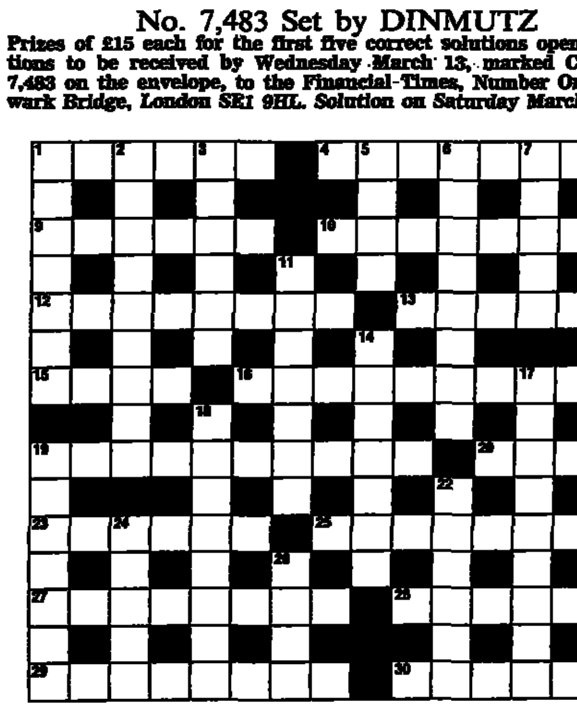
Dummy's singleton club is the clue. The two of clubs is the killer. The declarer finesses his knave successfully but the squeeze has been destroyed. The lines of communication in the club suit have been cut. Counting shows that South cannot make more than 11 tricks.

E.P.C. Cotter

CROSSWORD

No. 7,483 Set by DINMUTZ

Prizes of £15 each for the first five correct solutions opened. Solutions to be received by Wednesday March 13, marked Crossword 7,483 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. *Solution on Saturday March 16.*



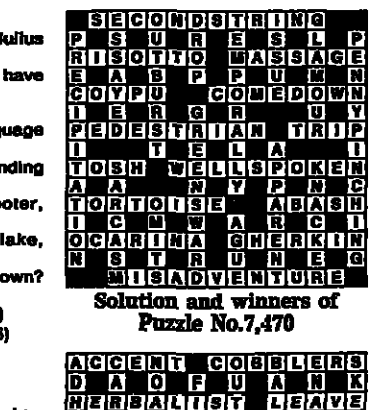
Name..

Address..

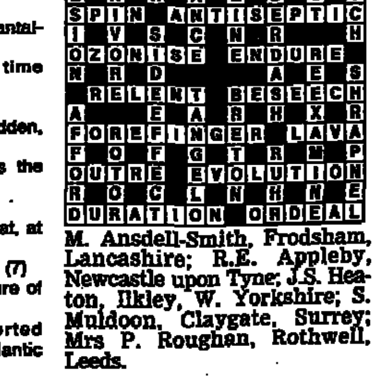
ACROSS
1 Refund or reinstatement? (6)
4 Apartment people in Derby, for example (4,4)
9 Crusty, like a southern taxi-driver (8)
10 Payout for bus-rides, perhaps (8)
12 A way into new flight (8)
13 Gander seen in 21? (6)
15 Planned go at encircling Julius Caesar (4)
16 Get the slip adjusted and have a good night's rest (5,5)
19 Couch shrinkage? (10)
20 This turns out to be a language of Ghana (4)
23 Hard stone, dark red, bounding *motorway* (8)
25 What goes wrong in hooter, may! (8)
27 Heather, approaching lake, slips perhaps (8)
28 River-study in London Town? (6)
29 Halite to startle sailor (4-4)
30 Jumps and hits the road (6)

DOWN
1 Second-chance-to-relax method? (7)
2 Drink one at a time in a tantalising way (9)
3 Taking liberties with time throws bar out (6)
5 Long tune in study (4)
6 Make list of things forbidden, at the last minute (8)
7 Part of stage that carries the strings (5)
8 O for one! (7)
11 Lanolin women love to float, at sea (4-3)
14 Listens always to rumours (7)
17 Cut, more traditional feature of the Oval (9)
18 Country house reported draughts from over the Atlantic (7)
19 Tree around university is favoured (7)
21 Stay-in spell of striking? (7)
22 Channel is smooth, they say (4)
24 Chap in charge is crazy (5)
26 Notice score? (4)

Solution to Puzzle No.7,482



Solution and winners of Puzzle No.7,470



M. Ansdell-Smith, Frodsham, Lancashire; R.E. Appleby, Newcastle upon Tyne; J.S. Heaton, Ilkley, W. Yorkshire; S. Muldoon, Claygate, Surrey; Mrs P. Roughan, Rothwell, Leeds.

Trevor Humphries

Private View

Woman who bares men's souls

***Christian Tyler** meets the sculptor Elisabeth Frink*

MEN ARE her medium. Through them – their heads, faces and naked bodies – *Dame Elisabeth Frink expresses anger at their* cruelty and tenderness towards *their vulnerability.*

Repression, violence and war have shaped her career as a sculptor. Childhood memories of World War Two inspired her early figures of birds, bird-men, flying and falling men. The sinister heads of men in goggles in the late 60s were descended from the Algerian civil war. Torture and state tyranny were reflected in the closed eyes of the "Tribute" heads she made for Amnesty International in the 70s.

War was still raging when I met Elisabeth Frink this week in her studio deep in the Dorset countryside. It was very much on her mind.

"I think I have always been interested in the business of war," she said. "In war we are all victims, including the fighting forces. I find it upsetting. I'm angry about it, too – I'm very angry about it because this is a war that shouldn't have happened.

"Saddam Hussein was a known *monster ten years ago. Yet the* whole of the western world was selling him hardware. That I find very hard *to take. The thing I'm really* angry about is all these fat cats making a lot of money out of selling arms. They are merchants of death."

"Angry" is a word that Frink uses a lot. But it can give a wrong impression of her. So, for that matter, can her sculptures: they are intimidatingly large and their expressive power is contained, bottled up to the point of ambiguity.

The woman behind those brooding men could not be more different. She is lively, direct and warm. There is no trace of moodiness or obsession about her, nor grandness. Apparently untouched by early fame or her years as an artist of international reputation, she seems, *in a word, fulfilled. Elisabeth Frink* is 60 but says that age does not matter. You cannot disagree. You can hear the girl in her voice and see her behind the eyes.

Some people have seen Frink as a feminist and her artistic commentary *on cruelty* as an indictment of men in general. The opposite is nearer the truth: she uses men as *her medium because she likes them.*

I asked her why (with very few exceptions) she did not sculpt or draw women.

"Ah, yes. It's very strange that, but there it is. I'm not a feminist, I'm really not."

When you say you're not a feminist, what sort of feminist aren't you?

"I think the feminist movement was an excellent movement that helped an enormous number of women achieve something they never would have done. I have never had to fight for the fact that I am a woman, ever. So I've been extremely lucky. But it doesn't arise in art at all, really. You're either a good painter or sculptor or a bad one."

Is it the man-hating variety of feminism you're against?

"I hate that. I think in a way they made the men seen small. They diminished him in order to get level. It wasn't necessary to do that. But I do recognise that a lot of women needed help."

She has more specific reasons for concentrating on the male.

"I happen to find that the male figure says much more to me than the female figure. I enjoy looking at it and using it as a vehicle. I mean, I recognise a beautiful woman as a beautiful figure, of course, but it says nothing to me. It's extremely difficult to sculpt, too. Probably that's why."

Was she interested in the male body in the same way that male painters were always painting female nudes?

"Well, I think it's very interesting. It goes back to the business of nudity and nakedness. A lot of my figures are naked because they are vulnerable. They are either running away *from or towards a situation.* My running men have nothing to do with athletes. They're fugitives, usually.

"But I have done a big seated man now, which I like. He's just a big naked man, a nude man, because I enjoy the whole business of seeing a nude man sitting. It's a rather contemplative piece.

"Most men paint women but a very much lower proportion of women paint men, funnily enough. *Why is that? Maybe it's a sort of ego* thing.

"I think men are much more *beautiful. But then I'm a woman."*

So it is about sexual attraction, too?

"Oh, *yes it's about sexuality. Definitely*, yes. I like men. I always have. But equally I like women, as friends."

She agreed that men could feel

> *'I think men are much more beautiful – but then I'm a woman'*

uncomfortable about the exaggerated, even aggressive way in which she handles their nakedness. In the Far East, *particularly*, men were nervous of what they saw as erotic art practised on them by a woman. "But, you see, my sculptures are not sexual objects, either. My male nudes are not about sexuality particularly. They are symbols of other things. They are vehicles for another idea."

I said that some of the faces looked like her. "It's also been said that they look like Alec Guinness, too, which is quite funny. (She has portrayed him). They also have a lot to do with my son's head – he has a marvellous head. I feel there is an awful lot of him in them."

In terms of physical strength, men and women were not so different. But their minds were. "I think a woman thinks round a thing. A man will think through a thing. Men's minds are very strong. Women's minds and bodies are probably more interlocked. Women cope with their physicality."

Is that true of you? I asked.

"I think so. There is a more ordered connection between the mind and body of woman somehow, because she has to put up with a lot – she has to put up with childbirth. She wants that, but it is something *that is put on her as well."*

Women more more devious and more intuitive. "I'm very keen on *that because most of my work is* done intuitively. Artists are naturally intuitive by the nature of what they do."

The point of her (or any artist's) work, she said, was to campaign for freedom of the spirit. "If one could say I have a religion it is that man should be free in his spirit. That's very important to me. And that applies to animals as well."

Frink was brought up a Roman Catholic but says she has abandoned it. She was an unruly convent schoolgirl, but not an unhappy one. She is angry about the attitude of the church in places like South America, which, she said, was forcing priests to become soldiers. She says she hates religion now.

"To me the most important thing is respect for life human life. Killing is wrong. I find religions have been *responsible for the worst wars."*

I asked if she was party political.

"Not really. I think most artists aren't."

But they would generally be put on the Left?

"Yes, they would. But then you see I wouldn't put myself on the side of what communism did at all because that was quite horrendous. The human suffering that communism caused was beyond belief."

She supports Amnesty International because, she said, it was even-handed in its exposure of repression and torture. "You have to look both to Right and Left, don't you, for bad things. The one is as bad as the other."

Stoicism in the face of cruelty and suffering is one of the virtues she most admires. Again, she finds it in animals as well as man.

Elisabeth Frink grew up in the Suffolk countryside and the house in Dorset where she lives with her third husband, the Hungarian-born Alexander Csáky, is dotted with animal maquettes and drawings. There are chickens, ducks, dogs and racehorses in the garden and outbuildings. Her studio is dominated by a bigger than lifesize equine figure, which she intends to call "War Horse". Her next project is likely to be a series of men with baboons.

"But I'm not an animal sculptor as such," she said. "The only two animals I'm really interested in are *the horse and the dog because of* their relationship to man. They have served man for thousands of years. My horses are *lifelike* but they are not social horses – horses for jumping, horses for racing, for eventing. They have everything to do with the spirit of the horse, their stoic resilience."

If her figures are becoming generally calmer, it is not because she feels less strongly but because the feeling is being pushed further beneath the surface. In her latest big work, the four heads of the "Desert Quartet" *(pictured above)*, the faces have become those of seers or visionaries, she said, with open, far-seeing eyes.

The slaughter of the Gulf war will *not impinge directly on her work*, she said. Nor will she make her figures more explicit.

"It doesn't work. I've seen explicit sculpture. It's horrible. It's over the top and it doesn't affect people."

Forty years of grappling with human cruelty and suffering has not made Elisabeth Frink by any means a pessimist.

"The answer is in the end that we might be moving towards a greater humanity," she said. "One has to be positive and one has to be optimistic. And I do think that people are more aware of evil than they were before."

So you think men are changing?

"Yes, I do. I do think they're changing their character."

A night with the toffs

Michael Thompson-Noel

I HAVE been catching up on Jennifer's Diary this week – not the March or February diary but the January version which *is spread*, with éclat, across 11 pages of *Harpers & Queen.*

The reason I am *still struggling* with January's Jennifer is that I can only manage it in extremely small takes – *nibbles, really, tiny* canapés of print which I savour on the tongue, like pellets of caviar sheathed in gold *foil, before swallowing* fastidiously.

The reason I can only manage it in extremely small takes – nibbles, really, tiny canapés of print which I savour on the tongue, etc, etc – is that Jennifer gives me a *headache*, a pounding, grounding, noon-bright headache that crashes over me in waves like Bondi surf.

Do not get me wrong. The reason that Jennifer's Diary gives me a headache is not its pottiness, which I revere; nor its breathlessness, which I rate as art; nor its obsequiousness, which is honourable and fitting; nor the breezy nostalgia that it often gives off, like a swooning whiff of lilac at an unexpected funeral.

HAWKS & HANDSAWS

No, the reason I get a headache when reading Jennifer's Diary is caused by *nothing* less than envy – the realisation that the number of toffs that are available to attend Jennifer-like functions – weddings, christenings, fox hunts, parties, dinners, banquets, exhibitions, fairs, fashion shows, balls, what have you – is not only astronomical but apparently growing at an astronomical rate, judged by the names I read in Jennifer of whom I have scarcely heard.

It really must be envy, *for* I have long outgrown the fancy, prevalent among the young, that I myself am *remotely special. When I was small* – say three-and-a-half – I assumed I was titled, possibly royal, about *30th in line to* the English throne. This is perfectly common *among* the common, and is soon eroded by the joys of *childhood:* bullying, starvation, choral singing.

But what amazes me when I dip into Jennifer is the total tonnage of toffs currently gadding and flitting and supping like honey-birds. Take the event last December known as "Lt-Colonel and Mrs Blair Stewart-Wilson At Home in the Ballroom of the Dorchester."

I bet it was exciting. Certainly it was gracious and beautifully organised. In addition, says Jennifer, the staff were "wonderful." According to Jennifer:

"The party that Lt-Colonel and Mrs Blair Stewart-Wilson gave in *the ballroom of the newly-refurbished* Dorchester Hotel, was a truly super one, with around three hundred and fifty guests. We all entered the Dorchester through the main entrance, and found that the foyer has been extended so that now you can get straight in to the ballroom, from doors just beyond the Grill Room. There I stopped to have a look, and found it looking very fresh and welcoming, with nothing changed structurally . . . Our hostess Mary Stewart-Wilson wrote that lovely best seller *Queen Mary's Dolls House*, and in May, her next book *The Royal Mews*, will be published."

I am not greatly aware of *Queen Mary's Dolls House*, which shows *how far adrift I am, socially* and culturally. Worse, I am familiar with only a few of the glamorous *toffs* that nightly pass through the Dorchester's main entrance and swing through the extended foyer *towards the ballroom*, noting, giddily, that nothing has changed structurally, in spite of the refur*bishment.*

I am familiar with the royals, of course – the princess-who-shops *and the one who galumphs*, the comings and goings, all that money. I have even heard of Mr *Marmaduke and Lady Susan Hussey.* I think we met, and talked about horses; or possibly not. But scan*ning Jennifer from tiara-topped* start to scarlet-nailed toe, I do rather wonder who Mr and Mrs *Christopher Wysock-Wright* might be.

Or Lady Ursula d'Abo? Or Mr and Mrs *John Anstruther-Gough-Calthorpe?* Or Mrs Kiki McDonough? Or Miss Nadia Stanicoff? Or Mr *Lewis Ufland?* Or Princess Helena Moutafian? Or Sheikha Shenda Khazal Amery?

You will think me eccentric for admitting that I have never met, never heard of nor imagined there could be such a person as Sheikha Shenda Khazal Amery, but there we have it – envy, like I said. To verify that I wasn't alone in not having imagined the existence of a person called Sheikha Shenda Khazal Amery, I asked my assistant, Miss Lee, if *she* had heard of her. Miss Lee comes from Yorkshire and is a hard-line Tory voter, not the sort to trifle with, though I thought I would risk it.

"What is the purpose of the question?" Miss Lee asked in turn. "You usually have a purpose, some grubby little motive."

"No I don't," I said. "I was thinking, though, that your John Major has a terrible task ahead of him if he imagines he can create a classless Britain. How can he be serious? There are toffs everywhere. How is he going to start dismantling *this* little lot" – I waved Jennifer excitedly – "when the ballroom of the Dorchester – you reach it via the foyer, just sashay through, darls, the staff are simply wonderful, everything fresh and welcoming, no structural changes, our hostess is wearing white, aren't the daughters charming? – is packed to the *roof* with toffs?"

Miss Lee said: "Don't try to be satirical. You're not very good at it. Anyway, I believe that what the prime minister has in mind is some gentle levelling up. No-one's coming down, *Michael, we're all going up."* Then she added wearily: "Some of us faster than others."

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I HAVE HAD a letter from a reader in France, Richard Thompson, saying that he owns a £1 premium bond, 5AN 615038, bought in Ipswich on February 15 1966, that has never won a prize in 25 years. He asks: "Is this a record?"

After a quarter of a century you'd think he'd splash out on another one.

SPORT

Cricket/Teresa McLean

The strange case of the flaming flannels

ARTHUR CONAN DOYLE is best known for his Sherlock Holmes stories but he also *deserves celebration as one of* a noble tradition of English cricketing eccentrics. He was an excellent sports*man and played both cricket and football* at first-class level, but his club-level cricket and the games he played *abroad, for an assortment of improbable* teams, produced at least as many remarkable incidents.

One of these was the inspiration for a bizarre work of Doyle fiction entitled *The Story of Spedegue's Dropper*. The *Dropper was a splendid example of the* mixture of ability and idiosyncrasy characteristic of Doyle's cricket career.

For a few years around the turn of the century he played for J.M. Barrie's team of writers and theatrical figures, *the Allahakbarries (Barrie's Heaven* Help Us Brigade), whose members included A.A. Milne, Charles Tennyson *and others who were there for fun*, drink and literary gossip, not serious cricket. Doyle refused to drink in the pub after *games or to play at anything* less than his best, which was very distinguished.

The Dropper was a ball bowled by A.P. Lucas which got Doyle out both bowled and hit wicket, also causing him to break his bat in the process. According to Doyle, the ball was a gentle, airborne leg-break that rose 30 feet in the air and then dropped straight down on top of the bails, gathering speed as it fell. It was unplayable. As Doyle put it in his *Dropper* story: "How could you play with a straight bat at a ball that fell from the clouds?"

Doyle's own bowling was medium-pace and well controlled. It was also well thought out. In 1891, he went on a cricket tour of Holland which ended with a game *against United Holland* at The Hague. The Dutch batsmen had been well taught by an English profes*sional and needed only 15 to win the* game, with four wickets to spare.

Doyle was put on to bowl in this *unenviable position and sent* down good length balls just outside the off-stump, the one place where he thought *the batsmen had looked* vulnerable. All four were caught at mid-off or cover and Doyle was carried from the field on *the shoulders of his team-mates with* match-winning figures of 4 for 4. However, his 16-stone weight was too much for his bearers and he crashed to earth, cheered by the Dutch as he went.

Doyle was always heavy but trained vigorously to turn prosperous fat into sporting muscle. One of his training overseers was a fanatic named Sandow, whose muscle-building techniques included rolling cars over and chucking cannon balls about.

Doyle thrived on this sort of regime. He played rugby well and boxed well. It was Doyle who introduced skiing in *Switzerland in the winter of 1893-4. He* liked hearing himself described as "an Alpine sportsman" and he helped to *satisfy his taste for the frozen by going* on whaling expeditions to the Arctic. He enjoyed many other forms of fishing, was a keen fencer and held himself to be a good shot, though on one occasion he shot his gardener by accident, thereby establishing a life-long friendship, said his son enigmatically.

Shooting seems to have been one of Doyle's riskier sports. He invented a gadget which was a cross between a spring-gun and a matchbox. It set the billiard room alight. Undaunted, he reached the third round of the amateur billiards championship. He played golf and went for balloon rides.

But the exotic could not compare with the poetic and Doyle wrote in his memoirs: "Cricket is a game which has, on the whole, given me more pleasure than any other branch of sport." As well as being a useful bowler he was a good batsman, *reaching the heights of* cricketing ambition with a century at Lord's in 1897. He kept the bat all his life. *He played* for Hampshire and the MCC, which presented him with a little silver hat for his hat-trick of clean-bowled wickets *against the Gentlemen* of Warwickshire, one victim complaining afterwards that he was put off by *the sight of Doyle's hefty figure trundling* up to bowl "in a crude pink shirt against an olive-green background."

Doyle's proudest moment was when he took W.G. Grace's wicket, only for Grace to take *his* wicket in return. Doyle was furious. He *did not just* regret the times he was out, as every batsman does; he worked himself up into a state where he was *haunted by* them. This was part of the restless, almost frantic element in Doyle's character. He played every one of his many sports passionately, partly to wear himself out and calm himself down, partly to keep in touch with the weird and wonderful undercurrents of life which sport was always helping him uncover.

Nothing could have compared with the weird and wonderful dismissals cricket produced when Doyle was playing it. "Spedegue's Dropper" almost met its match in the delivery Doyle got from Kent's fast bowler, Walter Bradley. It hit him on the thigh, inflicting *such agonising pain that he looked* down and found he was on fire. The ball had splintered a tin of matches in his pocket and set them alight. *He stamped* them out on the turf. He was peeved when he discovered that he was not the *first to have had this happen to him.*

One cannot help thinking that Doyle might have put the matches in his *pocket in the hope that they would* burst into flames, for he sought strange happenings. In one game for the Alla*hakbarries he came on to bowl* when the opposition had made 72-8 in reply to the Allahakbarries' 72 all out. He *bowled their ninth batsman* and, as soon as the over was finished, charged up to the other end to start another *one.*

Vigorous complaints from the batting side prevented him from doing so, but he had nearly *managed to be an inaugural* law-breaker, carried away by excess enthusiasm. The opposition promptly scored *the winning runs.*

Doyle needed to be odd. He made a career out of eccentricity and cricket was his ideal field of play, providing him with infinite opportunities for oddity and his friends and spectators with the chance to see a memorable cricketing eccentric in action, a man for whom a straight bat might well mean a bat facing straight up to the sky.

Yachting/Keith Wheatley

Star Wars at sea

ON THE East Coast of the US there exists a yacht-racing circuit so bi-tech and expensive that *even* the competitors call it "Star Wars." The 50-foot class is controlled by owners who, *before the days of corporate* sponsorship, would have been America's Cup players. So *it is heartening to report that a* Brit, alumnus of Welwyn Garden City grammar school, recently scooped the pool with his first venture into the 50-footers.

Michael Peacock's new *Juno*, his fifth racing yacht to bear the name, won January's Key West regatta. Helmed by Olympic gold-medallist Mike McIntyre, *Juno* had only sailed for a few hours before the Florida event. Next week she will be the boat to beat at the Miami 50-ft regatta.

Yet as recently as last autumn Peacock had no plans to campaign the boat in the US. After a December launch he thought there would be other suitable boats in Europe to tune up against. *Juno's* prime role is as British flagship in the Admiral's Cup team for July.

"The prospect of having to go on the 50ft circuit actually threw me a bit off-balance," admits Peacock, "because it is *so horrendously* expensive. I looked very hard for another way but it was impossible because *all* the competitive boats were in Key West."

Anyone who orders a 50ft racing *yacht, designed by* Bruce Farr and built by Bill Green of Lymington (both market leaders and *with prices to* match) had better be prepared for bills that stretch towards £250,000. Sails and campaign costs could add £100,000.

However, *simply shipping Juno* to Florida and back added £25,000 to the bills, and crew travel and *accommodation* nearly doubled that figure. Peacock is a man who likes to keep his hobby-horse's feet on the ground. Nevertheless, having now fed *Juno* ambrosia, nothing *else* will do.

"Having got involved I realised that the level of sailing is beyond compare. I have never before participated in races that were as competitive, difficult and unpredictable. The competitive boats are so close in performance, with the best guys in the world driving them – pure magic!" he enthused, back behind a desk off London's Oxford Street.

> *'The competitive boats are so close, with the best guys in the world driving – pure magic!'*

Having been both a successful entrepreneur and administrator (Peacock was controller of BBC1 before moving to ITV and then founding Video Arts with John Cleese and other partners), he particularly appreciates the way the 50ft-class owners create and manage their own regattas, with paid officials.

"There is honest profession*alism here*," he says. "You are not trapped with club-level race officers running interna*tional* events." The complaint is growing among top-level sailors that traditional yacht clubs are often better at running buffets than managing *events equal in cost and skill* to Formula 1 motor racing.

Back in England, Britain's *other principal* Admiral's Cup contender, the two-tonner *Wings of Oracle*, was launched recently. She is entirely the creation of the Oracle international software company. No obsessive owners here.

Having been introduced to top-level sailing through the unlikely avenue of the RAF Sailing Association, who make up the bulk of the training squad for *Wings of Oracle*, the company has taken to sailing handsomely and has several other nautical sponsorships in train.

Tim Law, repeatedly a champion in the Sigma 33 class and younger brother of America's Cup helmsman Chris, is a key figure on the back end of *Oracle*, as is J24 whizz Ian Southworth. Flt-Lt John Best, survivor of the debacle that was *Satquote Defender*, the joint services entry in the Whitbread race, is *Oracle's* skipper.

Wings of Oracle is due for training sessions in Palma and western France before her first British races in late April. These are the trials for the British Admiral's Cup team. By then *Oracle* will have spent north of £500,000 and still not be certain of selection.

The good news for the sponsor is that there is unlikely to be another two-tonner in contention. Nor, for that matter, a 50-footer other than *Juno*. Whether any one-tonner enters the lists remains to be seen. The Royal Ocean Racing Club "selectors," led by Iain Macdonald-Smith, do not like this mentioned in the press. They fear it makes them look silly.

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